Daily Report

East Europe

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Greek Police Seize Money From Deportees

AU1407182493 Tirana REPUBLIKA in Albanian 11 Jul 93 p 2

[ATA report: "Greek Police Sequester More than 1,200,000 Drachmas From Albanian Emigrants"]

[Text] The violent deportation of Albanian emigrants by the Greek authorities has been accompanied with the seizure of drachmas that they earned through their honest work. Specialists at the Kapshtice and Kakavije customs report that, following statements made by many of the emigrants, it follows that the Greek police have seized more than 1,200,000 drachmas from them. In any case, this figure is not the true sum, as some of the emigrants who were violently deported do not wish to report money stolen by the Greek police...

Zhulali Receives U.S., UK Military Delegations

AU1407184093 Tirana ATA in English 1803 GMT 14 Jul 93

[Text] Tirana, July 14 (ATA)—Recently, in the context of cooperation between our two armies, a military team of the U.S.A., headed by colonel Jurgen Shemelcer, visited Albania. Today in the afternoon, the Minister of Defence Safet Zhulali received the military delegation in a separate meeting, in which he made evident the value of an exchange of military experience in the field of humanitarian assistance.

On the same day, the Minister of Defence Safet Zhulali met with a military delegation of the United Kingdom headed by Colonel Payone.

The Albanian minister of defence, after wishing welcome to this military delegation of the United Kingdom, pointed to the need of carrying ahead the relations of cooperation between the two armies. He acquainted the delegation members with the democratic transformations and restructuring of the Albanian Army and pointed to the need of improving its training after the western army pattern.

The British Colonel Payone expressed readiness for cooperation and assistance regarding the training of the Albanian officers according to the British school experience.

Selami Leaves for Italy To Discuss Relations

AU1407134893 Tirana ATA in English 0833 GMT 14 Jul 93

[Text] Tirana, July 14 (ATA)—At the invitation of the chairman of the Foreign Commission of the Italian Parliament, Antonio Cariglia, the chairman of the Foreign Commission of the Albanian Parliament and chairman of the Democratic Party, Eduard Selami, left on a one-day visit to Italy.

The main issues to be discussed in the meetings will be the recent events in the region and the need of consolidating the relations between the two countries. Valuing the aid of Italy in the process of the integration of Albania in the European structures, Mr. Selami will ask for a further commitment of the Italian Parliament and government in this direction.

Kuwaiti Representative Holds Press Conference

AU1507110093 Tirana ATA in English 1009 GMT 15 Jul 93

[Text] Tirana, July 15 (ATA)—Lindita Karadaku reports: Today, in one of the surroundings of the Albanian Telegraphic Agency, the Kuwaiti representative in Albania, Faisal al Ghais [as received], gave a press conference regarding Albanian-Kuwaiti relations.

"I have come to Albania charged with a special mission by the Kuwaiti minister for the Albanian Foreign Minister Serreqi. Currently, the political and economic contacts between Albania and Kuwait are intensified. In this context, economic aid is rendered to Albania, and Kuwaiti investments have begun.

"The Albanian stand towards the Resolution 833 of the Security Council on the border issue between Iraq and Kuwait, is a continuation of Albania's correct stands of Albania on various questions of the international community," Mr. Faisal al Ghais said further on [sentence as received].

Especially, he valued a statement of the Foreign Ministry of Albania and in general the correct stand maintained by the Albanian Government regarding the Iraqi-Kuwaiti issue.

Later, speaking of the border issue between Kuwait and Iraq, Mr. Faisal al Ghais said that the borders between the two countries have always existed in the international maps and conventions, but but they have not been defined on the land because Iraq has refused to do so. Keeping this border issue unsolved, is used by Iraq as a means of pressure against Kuwait.

There are a series of problems between the two countries, such as that of Kuwaiti prisoners held in Iraq, the return of the assets plundered by the Iraqis in Kuwait, the compensation for the losses caused and the problem of Iraqi's weapons, the Kuwaiti representative said.

UN Resolution on Kuwaiti, Iraqi Borders Supported

AU1407135093 Tirana ATA in English 0837 GMT 14 Jul 93

["Albanian Government Supports the Decisions of Commission To Fix the Frontiers Between Kuwait and Iraq"—ATA headline]

[Text] Tirana, July 14 (ATA)—An official statement released by the Albanian Government on July 13 reports

that it welcomes and supports the UN Resolution 833 of the year 1993, which sanctions the decisions of the commission for fixing the frontiers between Kuwait and Iraq.

According to this statement, the Albanian Government supports this decision of universal character and role to guarantee and observe peace, stability, sovereignty, and inviolability of the states in keeping with the commitments to observe the UN Charter and all the other documents.

On this occasion the Albanian Government calls on the Government of Iraq to "recognize and observe the frontier with Kuwait and the UN decisions 773 of the year 1992 and 833 of the year 1993 in regard to the issue of frontiers between the two states."

Spokesman Denies Archive Official Arrested

AU1507085593 Tirana ATA in English 0816 GMT 15 Jul 93

[Text] Tirana, July 15 (ATA)—Asked by ATA about a report by AFP and BBC, according to which the director general of the State Archives, Luan Maltezi, and the directress of the State Central Archive, Nevila Nika, are detained together with a series of archive documents, the spokesman of the Ministry of Public Order said: "No detainment measure is taken against these two persons."

Also asked by ATA, the head of the control and management department in the State Central Archive, Vehbi Agolli, said that "Mr. Maltezi and Ms. Nika have gone on a 5-day working visit to Koblenz in Germany at the invitation of the archives of this country." Mr. Agolli said that "The two archive officials will go to Paris after the visit in Germany. They have also taken with themselves a series of photocopied documents for the archive of France in the context of the program of archive exchanges between the two countries. They will stay in Paris for a month for archive researches. Some times ago, valuable archive photocopied materials came here from France, so the materials taken by Mr. Maltezi and Ms. Nika will be handed over to the archives of France in response to the reciprocity of relations between these two institutions and not for other purposes, as some news agencies have attempted to interpret."

Assembly Endorses Changes to Budget System

AU1507102293 Tirana ATA in English 1005 GMT 15 Jul 93

[Text] Tirana, July 15 (ATA)—On July 14, the People's Assembly examined and endorsed in principle the changes proposed to the fiscal law system. These changes are necessary to avoid the gaps in the public budget. These actions are temporary, Minister Ruli explained .

The changes cover the establishment of customs' taxes on mass consumer goods [such] as eggs, milk by products, cooking oil, sugar, macaroni, soap, meat and rice. Although it was decided to abolish customs' taxes to prevent price rise of these items, they did not reduce or lowered very little. Under such circumstances it were only the traders and not the people who profited. The establishment of taxes is intended to defend first necessity food items, which are not locally produced. This action will not lead to price increase because it is 5 per cent.

These changes were endorsed in principle by majority of ballots.

SDS Group Attends National Assembly Debates

AU1507070893 Sofia BTA in English 2032 GMT 14 Jul 93

[Excerpt] Sofia, July 14 (BTA)—Parliament today held second-reading debates on the value-added tax [VAT] bill and the amendments to the Public Health Act. The parliamentary group of the Union of Democratic Forces (SDS) attended the sitting. It boycotted sittings on June 23 when cabinet changes were voted. SDS floor leader Stefan Savov said at the beginning of today's sitting that the MP's [members of parliament] of the SDS had not ended their boycott. He said they now, Stefan Stoilov MP of the BSP told journalists. The representatives of the IMF and the Finance Ministry said ways to compensate socially disadvantaged groups should be sought through steeper progressive tax rates in the Income Tax Act and not through the VAT law. Mr. Aleksandrov told the press there is a danger that MP's of the SDS may use the passage of the VAT act for their political purposes, interpreting it as antisocial. [passage omitted]

SDS No-Confidence Motion Explained

AU1407200593 Sofia BTA in English 1721 GMT 14 Jul 93

[Text] Sofia, July 14 (BTA)—Today the Parliamentary Union of Democratic Forces (SDS) moved for a vote of no confidence in Prof. Lyuben Berov's government, elected at the end of December 1992, motivating it by the cabinet's ungrounded actions taken with regard to the foreign debt negotiations which were described as harmful to the country's national interests. The motion can be put to the vote in three day's time at the earliest, National Assembly Chairman Aleksandur Yordanov said. Tomorrow the SDS Parliamentary Group is going to make yet another motion for a vote of no confidence in Prof. Berov's cabinet in protest against the Council of Ministers' decree amending and supplementing the tariffs under the local taxes and fees act. According to the SDS, the decree by which the taxes on some production activities carried out by private farmers and merchants will ruin the small business sector. The National Radio cited Prime Minister Berov as saying he was not worried by the SDS no confidence motion.

The SDS, whose cabinet was forced to step down at the end of last year, moved for a vote of no confidence in Prime Minister Berov's government in May too. However, the motion was defeated by 140 votes against to 76 in favour. Approving the structural and personal changes in the cabinet by an overwhelming majority, on June 23 parliament confirmed its confidence in Prof. Berov's government.

SDS Council Alleges BSP Thwarting Land Restitution

AU1407115993 Sofia DEMOKRATSIYA in Bulgarian 9 Jul 93 p 1

[Statement by the National Coordinating Council of the Union of Democratic Forces; date not given: "Human Rights Violated"]

[Text] By adopting the amendments to the Law on Restoring Ownership and Use of Agricultural Land, the Bulgarian Socialist Party [BSP] has turned to openly attacking the law's application. The assault is mainly directed toward the law's most important principle, namely the restoration of private land ownership in the Bulgarian countryside. To achieve this goal, the BSP is applying brutal party pressure at all levels, from the liquidation councils and land commissions up to the Council of Ministers. In violation of the law, they are stubbornly trying to force through absurd ideas of restoring land within ideal limits and granting land shares in ideal portions. In this way, instead of creating real landowners, they aim to legalize the degrading situation in which the Bulgarian peasant is once again deprived of his rights. Their attacks are most frequently directed against the liquidation councils that have performed their work most effectively and which, if only they are left in peace, are in a position to begin distributing the land shares now. Increasing numbers of proposals are being submitted on replacing chairmen and members of liquidation councils or entire board memberships. Specialists who have proved their qualities by their work are being replaced by old party officials and former chairmen of labor cooperative farms.

This process has provoked especially serious tension in the villages of Opan, Byalo Pole, Gita, Bratya Daskalovi, and Naydenovo in Chirpan district; in Oreshets, Kharmanli municipality; in Brestak, Vulchi Dol municipality; in Glava, Cherven Bryag municipality; in Brestovets, Pleven municipality; in Pancharevo, Bobov Dol municipality, and in many others.

The situation in the country was further exacerbated by the adoption of Council of Ministers Decree No. 102 of 31 May 1993, through which Lyuben Berov's cabinet sharply raised the fees for registering agricultural machinery, for transferring farmland, and for veterinary and public health checks, and market dues, thus increasing the prices of agricultural products and putting yet another burden on the shoulders of the budding private farmer.

Thus, the government is carrying out the political orders of the BSP. Despite the solemn declarations by Prime Minister Lyuben Berov and President Zhelev, the real aim is to block the land reform.

The parliamentary group of the Union of Democratic Forces emphatically declares that it will use all lawful parliamentary and extraparliamentary means to oppose the attempts to recommunize the Bulgarian countryside and will not permit the restoration of the communist labor cooperative farms under any guise.

Berov, Dogan Discuss Parliamentary Priorities

AU1407203493 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 14 Jul 93

[Text] A private talk took place in parliament today between Prime Minister Lyuben Berov and Ahmed Dogan, leader of the Rights and Freedoms Movement [DPS].

They reportedly discussed the question of which bills should be discussed in parliament on a priority basis before the summer recess, and they also dwelled on the meeting between Mr. Russel Kincaid from the International Monetary Fund with the Bulgarian Socialist Party [BSP] Parliamentary Group.

On the verdict of the Supreme Court in connection with Mr. Ivo Indzhev's complaint against his dismissal as BTA director, Mr. Berov declared that he accepts the decision in the normal way, but that the verdict is an indication of the Supreme Court's actions being inspired by political motivations.

Berov, Parliamentary Commission Discuss Military

AU1507055093 Sofia BTA in English 1923 GMT 14 Jul 93

[Text] Sofia, July 14 (BTA) - The condition and the problems of the Bulgarian military industrial complex were discussed at today's meeting of the Parliamentary National Security Committee in the presence of Prime Minister Lyuben Berov and Minister of Industry Rumen Bikov. Prime Minister Berov informed the participants that the minister of defense had submitted the draft of a governmental decree on the appointment of an interdepartmental body subordinated to the Council of Ministers. The interdepartmental body, headed by a deputy prime minister, will be a vehicle for implementing the state policy in the production and trade in military products, it will be responsible for all structural and personal changes in the military industrial complex. The Chairman of the Parliamentary National Security Committee Mr. Nikolay Slatinski, said that the government was expected to decree the appointment of the interdepartmental coordinating body tomorrow. The departments, which will have representatives in its leadership at the level of deputy ministers, are the Ministry of Defense, the Ministry of the Interior, the Ministry of Foreign Affairs and the Ministry of Industry.

There are some proposals which are incompatible with the system of a parliamentary republic, Mr. Slatinski said. What he meant was the request to include one of the president's advisers in the coordinating body leadership, by which the adviser would practically acquire the status of deputy minister.

The members of the Parliamentary National Security Committee proposed once again to impose a moratorium on the privatization of enterprises in the military industrial complex after specifying which enterprises should be considered military ones, Mr. Slatinski informed. The M.P.'s [members of parliament] expressed their surprise at a publication in the official gazette announcing that the Teraton Armament Company was pending privatization. The prime minister said that he would study the case. Mr. Slatinski insisted that the decision be revised. Parliament should not learn about such decisions from the press, he pointed out.

Poet Ivanov Calls Off Hunger Strike

AU1507095293 Sofia BTA in English 0825 GMT 15 Jul 93

[From BTA press review]

[Text] Sofia, July 15 (BTA)—Today's press cites Bulgarian President Zhelyu Zhelev, who comments on the processes in Bulgaria in an interview given to REUTER. The papers highlight the president's opinion that only a strong centrist force can take the country out of the cul-de-sac. "Political analysts suspect that the president is probably launching a campaign to his own benefit," DUMA writes.

The press frontpages reports that last night poet Binyo Ivanov called off his 39-day-long hunger strike declared in protest against the president. Binyo Ivanov's demand was to publish the agreement allegedly reached by Dr. Zhelyu Zhelev and the Bulgarian Socialist Party (BSP) before his election as president. "In this way I break off the dialogue with the president and his advisers. Thirty-nine days were enough for me to get convinced that they all are absolutely unable to answer my questions without concealing the whole truth," Binyo Ivanov told DEMOKRATSIYA. 24 CHASA writes that Dr. Zhelyu Zhelev and Binyo Ivanov may have a meeting at the Presidency in a few days' time. TRUD carries the full transcript of the shorthand records of the Grand National Assembly sitting held on August 1, 1990, when Dr. Zhelev was elected president. OTECHESTVEN VESTNIK runs a commentary headlined "Backstage Machinations Not on Record."

Romanian Authorities Detain Vessel on Danube

AU1507070693 Sofia BTA in English 2035 GMT 14 Jul 93

[Text] Ruse, July 14 (BTA)—The "Petur Beron," a Bulgarian tugboat bound for Ukraine with five empty barges and a barge carrying engine-driven trucks, was detained for inspection by the Romanian authorities at the Danubian port of Galati early this morning. In a message to the Bulgarian River Lines, the captain says the bill of lading had been taken from him. He had been told the ship must wait for further orders.

This is the second detention of the "Petur Beron" tugboat in Galati by Romania in a month. The first time it was accused of sanction busting. It was detained for two weeks, which resulted in 45,000 dollars losses for the Bulgarian River Lines.

It is anybody's guess how long it will be detained this time. All Bulgarian ships sailing downstream have been detained unlawfully in Galati. An hour's detention of a convoy leads to a loss of 170 dollars on average, the Bulgarian River Lines say.

Zhelev, EFTA Ambassadors Celebrate Agreement

AU1507055293 Sofia BTA in English 1841 GMT 14 Jul 93

[Text] Sofia, July 14 (BTA)—The ambassadors of the EFTA [European Free Trade Association] member countries today held a luncheon reception for President Zhelyu Zhelev to mark the entry into force of the agreement between the EFTA states and Bulgaria. Mr. Hans-Olle Olsson, ambassador of Sweden, hosted the reception. Bulgaria was represented by Deputy Prime Minister Valentin Karabashev, Deputy National Assembly Chairman Yordan Shkolagerski, representatives of the parliamentary groups, etc.

"The ratification of the agreement took the national parliaments a short time which shows there is more to it than the shared interest in its enforcement," Dr. Zhelev said in his toast.

Friendly acts of support in hard times are not to be forgotten. This is exactly the significance of the decisions to facilitate and encourage trade and cooperation with Bulgaria at a time when its access to foreign markets is considerably impeded both in terms of communications and of equal opportunities, Dr. Zhelev said. With the embargo against Yugoslavia, an undoubtedly justified step by the international community, the conflict spread, in economic terms, beyond the borders of Bosnia and Herzegovina. Despite its goodneighbourly, civilized policy, Bulgaria now has to pay dearly for others' faults, President Zhelev said.

The cooperation whose beginning we are celebrating today is justified and promising in an all-European perspective as well, Dr. Zhelev said. I have no doubt that EFTA states—the ones that choose to do so—will join the European Community comparatively quickly, which is the road chosen by the Republic of Bulgaria. To come up to the European standards Bulgarian manufacturers and traders may use the experience of their partners of the free trade zone in many respects, President Zhelev said.

President Zhelev assessed the agreement as very useful for Bulgaria's economic reforms and stabilization. He thanked the ambassadors for their personal efforts and contribution, their sincere friendship and understanding.

In his speech Mr. Olsson said, among other things, "It is of equal importance to maintain a practical parallelism, as far as possible, between EFTA/Bulgaria and EC/Bulgaria. Thus we would jointly lay the groundstones for a prospective all-European economic area.

"We all know that the macroeconomic figures for Bulgaria are not too brilliant right now and that they have been seriously affected by the sanctions against former Yugoslavia. I still think, however, that the gloom of these figures is partially offset by the joy of watching the tremendous individual energy that you see displayed in practically every corner of Sofia. Day and night people are working to improve their situation and thereby that of their country. There is activity everywhere. There is obviously confidence in the future," Mr. Olsson said.

World Bank Supports Environmental Project With Romania

AU1407201493 Sofia BTA in English 1813 GMT 14 Jul 93

[Text] Silistra, July 14 (BTA)—The World Bank is inclined to finance the implementation of Bulgarian-Romanian projects on the reconstruction of environmental polluters, the Bulgarian Minister of the Environment, Mr. Valentin Bosevski, said at today's press conference in the Danubian town of Silistra. According to Minister Bosevski, this marked a new phase in the relations between Bulgaria and Romania in the field of environment. At the meeting of the ministers of the environment of Bulgaria and Romania to be held at the end of September this year, the Bulgarian side will propose to appoint teams which will carry out an expert technological examination of the enterprises polluting the environment and work out joint projects for their reconstruction. According to Minister Bosevski, the Convention on Environmental Cooperation ratified by the two countries has been practically inoperative so far. The intergovernmental commission has not been provided with a statute, no nuclear and chemical safety teams have been set up, he said.

The Bulgarian side is working on a package of proposals aimed to stop the inefficient gathering of environmental pollution facts and standardize the two sides' approach to the settlement of their environmental problems. Though not invited, a group of citizens came to the press conference to express their concern over the transboundary pollution of the air in Silistra before Mr. Bosevski.

The Bulgarian towns of Ruse and Silistra are the most badly hit by the harmful emissions of the Romanian plants situated near the border.

Agreement With EBRD on Transportation Loan

AU1407195093 Sofia BTA in English 1551 GMT 14 Jul 93

[Text] Sofia, July 14 (BTA)—An agreement for a 43 million dollar loan by the European Bank for Reconstruction and Development (EBRD) was signed by Transport Minister Kiril Ermenkov and the EBRD representative for Bulgaria Kamen Ivanov here today. The loan is allocated for the construction of a 32-km section of the trans-European motor way between Plovdiv and Orizovo (southern Bulgaria), of toll-collection systems along the Sofia-Plovdiv highway, and for repairs and upgrading of 800 km of first-class trunk roads. Part of the funds will be spent on consultation and training of transport personnel.

Mr. Ermenkov said the entire project to build Bulgaria's transport infrastructure costs 105.4 million dollars. It is financed by the EBRD (the said 43 million dollar loan), the European Investment Bank [EIB] (24 million dollars), and the budget. Mr. Ermenkov said the EBRD and the EIB issued the loans under very favourable terms. Two more agreements will be concluded with the European Investment Bank, under which ecu 60 million will be allocated for the air traffic control system and 24 million dollars for a transit roads project.

Authorities Deny High Radiation Levels in Plovdiv

AU1507070493 Sofia BTA in English 2054 GMT 14 Jul 93

["Today"—BTA lead]

[Text] Sofia, July 14 (BTA)—President Zhelev's press office announced today that the transcript of the sitting of the Grand National Assembly of August 1, 1990, when parliament elected Dr. Zhelev president, will be published in full in tomorrow's TRUD. This is done in response to recent accusations by DEMOKRATSIYA and poet Binyo Ivanov, who has been on hunger strike for over a month, that Dr. Zhelev entered into an agreement with the Bulgarian Socialist Party to be elected to the Presidency. President Zhelev told a national radio reporter a news conference will be held in this connection.

Rumours and reports in the press saying that radiation levels had risen in Plovdiv after yesterday's fire at Alen Mak pharmaceutical company are categorically untrue, according to the Civil Defence chief of the Plovdiv Municipality (southern Bulgaria), Dr. Evgeni Dimitrov, director of Plovdiv's Hygiene and Epidemiology Inspectorate, and Nikola Zarchev, director of the regional environmental protection inspectorate, who made a declaration received at BTA today. The fire was brought under control and is under constant observation, Captain Kunev, spokesman for the regional fire service, told the press today. An inquest is being held into the causes and aftereffects of the fire.

Aleksandur Tomov, one of the leaders of the Civil Alliance for the Republic, who recently left the Bulgarian Socialist Party, told a news conference today the leadership of the Union of Democratic Forces moved for a no-confidence vote on the government to find a pretext to return to parliament. The motion will not pass, according to Mr. Tomov. The Civil Alliance shares Prime Minister Berov's idea of mass privatization but the government should specify the programme for its realization, Mr. Tomov said. The Civil Alliance for the Republic will hold a national conference in September to decide whether it should be registered as a party.

At a regular news conference today Prof. Chavdar Kyuranov, chairman of the Social Democracy Alliance (OSD, a radical wing of the Bulgarian Socialist Party), analysed the OSD's political meeting last Saturday. It focused on aspects of local self-government and on local elections which, according to the OSD, should precede parliamentary elections. The OSD took a stand on the drafting of the BSP programme document.

The extraparliamentary Liberals' Party will convene its National Council on July 31 to discuss its election strategy, prospects to enter coalitions and the timing of elections, it was said at the party's regular news conference.

The Bulgarian National Radical Party condemns the U.S. missile attack on Iraq, says a declaration addressed to the ambassadors of the United States and Iraq to Sofia, received at BTA.

The National Trade Union of Railway Workers is opposed to the Council of Ministers' financial policy "which sparked off social tensions in railway transport." The trade union insists on the immediate regulation of relations between the state and railway transport and on the allocation of funds needed to normalize transportation, says a declaration sent to BTA. Employees have not received their wages for May and June, the declaration also says.

After the introduction of new customs limits on imports, officers at the Danube Bridge border crossing (at the city of Ruse) foiled three attempts by Russians to smuggle goods in a rather unusual way, BTA's local correspondent reported. The Russians travelled by coach, while the contraband goods were carried by TIR [International Road Transport] trucks. The goods were described in the documents as Russian supplies to a Bulgarian company.

A brother and sister from Cherven Bryag were sentenced to 18 months' imprisonment with a suspended sentence and were fined 5,000 leva (about 200 dollars) for an attempted assault on a prosecutor in the town in late 1992, BTA's regional correspondent reported.

Ermenkov on Free Tax Dispute With Greece

AU1407204193 Sofia BTA in English 1950 GMT 14 Jul 93

[Text] Sofia, July 14 (BTA)—Bulgarian Minister of Transport Kiril Ermenkov made a statement for BTA in connection with the tension created at the Kulata checkpoint on the Bulgarian-Greek border in the last few days as a result of Greece's decision to impose additional taxes on the fuel carried by Bulgarian TIR [International Road Transport] trucks and other vehicles en route to Greece. Discussing the possibilities of expanding the two countries' cooperation in the field of transport at a meeting with Greece's Ambassador Anastasios Sidheris, Mr. Ermenkov expressed his concern over the introduction of additional fuel taxes. Mr. Ermenkov informed the ambassador that the Bulgarian Government had considered the problem of additional taxes and that the Bulgarian Ministry of Foreign Affairs had been authorized to require the documents of the European Community on the strength of which Greece legalized the

taxes. The Bulgarian minister of transport asked the Greek side not to collect the new taxes until the EC documents are received. The Greek ambassador informed Mr. Ermenkov that the decision to collect additional taxes had been made in fulfillment of an EC resolution concerning all EC member-states, Greek carriers included, and that no discrimination of Bulgaria was meant. Minister Ermenkov told the Greek ambassador that the Bulgarian authorities might respond by introducing reciprocal taxes, which would depend on the information he expected to receive through diplomatic channels.

A press release of the Greek Embassy received at BTA today says that the taxes on tank fuel are imposed by the Greek customs authorities in implementation of EC Resolution 92/12 dated February 25, 1992 on the import of petroleum products, tobacco and alcohol. Greece has been following the EC instructions since July 8, 1993, about which the Bulgarian customs authorities at the Kulata checkpoint were notified on June 28, 1993, the press release informs. The Greek side expresses its regret for the problems created and hopes that the implementation of the EC resolution will be no obstacle to the strengthening of cooperation between the two countries in the field of transport.

Tax Incentives for Foreign Investments Defended

AU1507071693 Sofia DUMA in Bulgarian 9 Jul 93 p 6

[Commentary by Khristo Atanasov: "Tinkering With Decree No. 56 May Drive Away Foreign Investments"]

[Text] The latest revision of Decree No. 56 on economic activity, which has already passed through the National Assembly commissions, may further deter the inflow of foreign investments and ruin Bulgaria's chances of at least making an attempt to advance its position in the lineup of post-socialist countries hoping to attract foreign funds. The prepared amendments completely equalize the tax conditions and eliminate the preferences granted to foreign and mixed companies. In principle it is accepted that this is a step in the right direction, for equality before the law is one of the conditions of the market economy. However, the proposal to delete two of the articles arouses some doubt. The abolition of the first will remove the freedom from tax liability on the profits of activities conducted within duty-free zones for a period of five years, while the deletion of the second article revokes the preferences granted to foreign companies working in the field of high technologies.

This is a direct reflection of the lack of a general economic development strategy, for which Bulgaria is notorious. It is impossible to elucidate the aims and expectations of the reform that started more than two years ago. The restructuring of the economy is being implemented in an unorganized manner, and there is still no indication that those in power want or are in a position to exercise control over the process in line with precisely formulated long-term perspectives. The latest change in the taxation situation will increase feelings of insecurity and further blacken our image in the eyes of our foreign partners. Even without this, they are fully aware that our country does not posses an adequate legal framework for the market economy.

The establishment of free economic zones is in principle a powerful means of attracting large foreign investments, developing the infrastructure of individual regions, and stimulating their growth. There are hundreds of such zones throughout the world, and when they are formed it is the usual practice to grant freedom from a tax on profits for an average period of five years, combined with other tax concessions. This is standard practice that started in the United States and has now spread as far as the newly created free zone in North Korea. Furthermore, the creation of these zones is often covered by special laws passed for each specific case. The attempts during the past three years to get a law passed on Bulgarian duty-free zones have remained only good intentions.

In an undeveloped market economy like Bulgaria's, it is usual to grant preferences for foreign investments in regions or sectors of the economy that are considered to be of crucial importance for the country as a whole. All the postsocialist countries are doing this, and the experiences of Hungary and Poland are particularly interesting. It is no accident that Hungary has attracted 55 percent of all the foreign investments made in Eastern Europe. Any neglect of these issues bodes ill for Bulgaria in the future.

Chief of Staff Petrov Views Army Finances

AU1407201793 Sofia TRUD in Bulgarian 7 Jul 93 pp 1, 3

[Interview with Army General Lyuben Petrov, chief of the Bulgarian Army's General Staff, by Rositsa Gavrailova; place and date not given: "The Military Reform Will Lead to Social Tensions, Unless Financial and Material Provisions Are Guaranteed"]

[Text] [Gavrailova] General Petrov, in view of the tense situation in the Balkans, can you say that our borders are reliably protected?

[Petrov] The Ministry of Defense, the General Staff, and the commands of all branches of the Armed Forces are doing everything in their power to maintain the combat readiness and fighting capacity, as well as the training of the troops at the level necessary for a reliable defense of the country's territorial integrity. I hope that I am being understood correctly. The military is ready to do its duty and will do so, but it is hardly necessary to explain that our national security and Bulgaria's sovereignty are not only the responsibility of the Bulgarian Army. They also depend upon the nation, and every citizen should contribute his share to the common responsibility.

[Gavrailova] What opportunities are there for the modernization of the Army under the circumstances, considering the small budget accorded to the Ministry of Defense for this purpose? Will the Russian "Smerch" [name as transliterated] system find a place in our rocket troops and artillery? Are there any possibilities for developing economic activities in the Army?

[Petrov] The modernization of armaments and technical equipment in the Army is practically impossible on the basis of the budget. Naturally, we are obliged to draft a further long-term program and we have done so. The "Smerch" rocket-propelled system for firing volleys and the self-propelled 120-mm mortar "Nona" [name as transliterated] fully coincide with our concept of the development of the Army and we would be glad to have them in our arsenal. As far as the economic activities are concerned, it is particularly important that they should be based on accurately specified agreements, that they should be centralized and controllable.

[Gavrailova] The reduction of military service time pleases not only the recruits and their families, but also some of our politicians. What is your own attitude to shorter military service under the present circumstances?

[Petrov] It is possible to shorten the period of military service and it will be done. However, this can only be gradually accomplished in accordance with the possibilities of entrusting some specialized tasks and duties, which were hitherto done by recruits, to professional soldiers. The bill on defense and the Armed Forces envisages the reduction of service time from 18 to 15 months, which is currently possible, for example. Nevertheless, this process has certain limits, because the training of a soldier requires a definite period of time. We must also maintain the necessary contingent of soldiers as long as we have not entirely adopted the system of a standing professional Army.

[Gavrailova] Is sufficient legal protection provided for Bulgarian officers, and if not, is this not one of the reasons for the dwindling interest of young people in attending military schools?

[Petrov] As a matter of fact, the motivation for serving in the Army has practically disappeared within the last two to three years. The number of applicants for military school has drastically diminished. Many of those who have graduated from such schools refuse to serve in the Army. The reasons stem from the country's economic situation, the deteriorating social status of the officer, the low wages, and the almost nonexistent opportunities for a career. The problems which have accumulated can hardly be solved by merely adopting the law on defense and the Armed Forces. Nevertheless, it would be a basis for starting the military reform and for guaranteeing financial provisions. The bill contains sufficient stipulations guaranteeing officers' social status and opportunities for the professional development of military cadres.

[Gavrailova] What has been done to improve the living conditions of soldiers and their families?. I am referring to the officers' housing problems in particular.

[Petrov] The program for a radical solution of the housing problems affecting officers and their families cannot be drafted because of the current financial insecurity, which does not mean that we are not doing anything at all. For the time being, we have guaranteed relatively fair wages for the military personnel.

The housing problem is indeed the most painful. The number of homeless soldiers is quite large, and the possibilities are limited. Methods and forms of resolving the housing problem in accordance with our circumstances are being sought. An inquiry to establish the number of applicants willing to join housing construction cooperatives is under way. The construction of housing units with the resources of the military housing fund is planned.

[Gavrailova] General Petrov, what is your attitude to the accusations that the General Staff is conservative?

[Petrov] I agree that the General Staff could be accused of "conservatism," but only as far as it opposes the hasty and thoughtless elimination of certain structures, planned without establishing who is supposed to take over their functions and tasks. This is how we came to the conclusion that trying to impose military reform without ensuring its financial and material provisions is likely to destroy the Army's combat readiness and provoke social tensions. However, I categorically reject the accusation that we are not accepting innovations. There is even more: It was our General Staff, precisely, that drafted the concept on the Army's further development and on military reform. These fundamental documents contain our views and ideas based on the new requirements in Bulgaria and on the most updated worldwide experience. We are applying the same approach in drafting our strategy, our operational and tactical methods, and also in developing a long-term program on the modernization of arms and technical equipment. Our officers are being trained in the United States, in Western Europe, and in NATO military schools, and will be in the future. We have signed agreements on military cooperation with Russia, Turkey and Greece.

[Gavrailova] Why was the inspectorate under the General Staff disbanded, and who is taking over the functions of this department today?

[Petrov] The inspectorate you are referring to, which existed until the beginning of 1993, was never subordinate to the General Staff, it was an body of the Defense Ministry.

The department was established as an auxiliary body at the service of the minister in controlling the overall activities of the Bulgarian Army and its everyday life.

Along with the structural reform of the Defense Ministry's leading bodies, their functions also changed. The

minister of defense, who is a civilian, supervises the Bulgarian Army through the chief of the General Staff. Civic control is implemented by the minister of defense and his deputy ministers, by experts and by members of their teams, who are also civilians.

A department called "Military Training" is subordinate to the General Staff and is in charge not only of control, but also of organizing and methodically supervising the training of Bulgarian Army troops.

[Gavrailova] Do you have the feeling that the polarization that prevails in our public life affects the unity of the Army?

[Petrov] I am convinced that so far the Army has succeeded in preserving its nature as a neutral force and in protecting its unity.

Nevertheless, we should not delude ourselves. The polarization of our society cannot fail to reflect upon the Army. Any attempt to take advantage of the current polarization for the purpose of involving the Army can only disrupt its unity and affect its fighting capacity. Let people have greater confidence in the troops. I have repeatedly declared and I am still convinced that national consensus is required on national security issues and on the Army's role in public life. There is something else that I am worried about. It is absolutely preposterous to assume that the Army might interfere with the country's domestic affairs. This is not the purpose of its training and existence.

Tension at Arsenal Arms Factory Growing

AU1407184593 Sofia BTA in English 1707 GMT 14 Jul 93

[Text] Sofia, July 14 (BTA)—The strike at the state-owned Arsenal Ordnance Factory (central Bulgaria) was put off but workers stage token protest actions for an hour every day, Diana Damyanova, spokesperson for the Confederation of Independent Trade Unions, said at a briefing today.

Arsenal workers threatened to go on strike because they have not received their wages for three months. They did not reach an agreement with the company's board of directors because it did not have its statutory number of members. The strike committee held talks with Industry Minister Rumen Bikov on Monday [12 July], after which the government appointed representatives of the ministries of defense, industry and finance to the board who will serve until a competition is held for executive director.

Talks between the strike committee and the new management are expected to start next Monday, Mrs. Damyanova said. According to her, the board of directors is unlikely to settle the financial problem quickly because the company needs 100 million leva for unpaid wages alone but no bank will extend such a credit, given the factory's condition. After a strike in April, Arsenal received a 210 million leva loan which covered urgent payments and wages but the company's financial condition did not improve materially.

On Friday parliament is expected to consider a report by an ad hoc parliamentary committee which is studying the state of the military-industrial complex and will make suggestions about its restructuring.

Podkrepa Confirms Disagreement With Government

AU1407184493 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 14 Jul 93

[Text] At the regular news conference of the Confederation of Independent Trade Unions in Bulgaria [KNSB], Deputy Chairman Diana Damyanova confirmed that strikes are taking place for an hour every day at the Arsenal military equipment plant. She said that the workers are expecting the new management board to initiate negotiations with the strike committee and the trade union organizations.

The meeting between Minister of Industry Rumen Bikov and members of the Podkrepa Labor Confederation Executive Committee went on for more than two and a half hours. Journalists were not admitted. According to Oleg Chulev, deputy chairman of the Executive Committee, the meeting proceeded in a strained atmosphere and Minister Bikov is no longer enjoying Podkrepa's confidence. The following is a recording of Mr. Chulev's brief statement on the results of the meeting:

[Begin recording] Minister Bikov remained inflexible, standing by his statement that the personnel changes at the Arsenal Plant were made at his own instruction, as a representative of the state. This is disputable, but we have no particular disagreements on this point for the time being, and we have no ambition to become executives. We are talking about structural changes and about the necessity to promptly privatize the plant, because at the very beginning of the Social Partnership National Council's existence a special commission was established to which Minister Bikov has never submitted any proposals. We think that within a period of one or two months many things have become ripe for a solution, and our proposals on restructuring and privatization will be submitted in due time and coordinated with the social partners. Resignation is a very strong weapon. In addition to this, we have provided so many chances to so many people and we would like to wait and see whether mutual confidence can be restored. [end recording]

BTA Director Indzhev Reinstated

AU1407112493 Sofia BTA in English 1106 GMT 14 Jul 93

[Text] Sofia, July 14 (BTA)—A five-member panel of the Supreme Court today overruled the Council of Ministers decision on June 3, 1993 to dismiss Ivo Indzhev as director general of the Bulgarian News Agency (BTA).

The Supreme Court ruled the Council of Ministers violated the Constitution and the law. The ruling was motivated as follows:

The council of ministers decision should be judged in view of Article Six of the 1991 Constitution. Under the article, until the status of the Bulgarian National Television, the Bulgarian National Radio and the Bulgarian News Agency is legally regulated, the National Assembly fulfills the functions delegated with the Great National Assembly as regards these national institutions. Under Article Six, the Bulgarian News Agency is a "national institution." The Constitution directly grants this special status to the Bulgarian News Agency. This constitutional provision places the Bulgarian News Agency outside the supervision of the executive, i.e. the Council of Ministers.

The cabinet removed Mr. Indzhev from BTA's directorship on June 3 with the motive that he openly criticized state institutions, which was incompatible with his status as a civil servant. Among the motives for Mr. Indzhev's dismissal, the government also said the news agency headed by him spread misinformation about this country in the form of false or biased material.

On June 18 the Association of European Journalists (AEJ) protested the decision of the Bulgarian Government to dismiss Ivo Indzhev, president of the Bulgarian AEJ section, from the directorship of the Bulgarian News Agency.

"The excuse that Mr. Indzhev was criticizing the Bulgarian Government is both antidemocratic and dangerous for the freedom of the press in Bulgaria," said a letter by AEJ President Athanasios Papandropoulos to Prime Minister Lyuben Berov received at BTA.

Social Democrats Criticize 'Anticommunist' Law

AU1507110293 Prague CTK in English 1205 GMT 13 Jul 93

[Text] Prague, July 13 (CTK)—Deputy Chairman of the Czech Social Democratic Party (CSSD) Pavel Novak told journalists today that international aspects had not been taken into consideration by the Czech parliament when it passed a law on the illegitimacy of the communist regime and on the status of the anticommunist resistance movement July 9.

He said CSSD's concerns are primarily with the law provision for the nonapplicability of the statute of limitations to political crimes committed from February 25, 1948, to December 1989, unless these crimes were already sentenced or the offender was freed.

We are sorry that our proposed solution to the problem—the passing of a constitutional law was not accepted, Novak said. He said this would have served to improve the Czech Republic's position on the international scene in the future.

CSSD Parliament Deputy Vaclav Grulich told journalists in Brno yesterday that due to this provision, the anticommunist law strongly contradicts the charter of fundamental rights and freedoms which is part of the Czech Constitution. He said interference of a so-called regular law with the constitutional law is unacceptable from the point of view of Czech legislation as well as by international law. He said this would undoubtedly engender complaints to the International Court, the Council of Europe and other institutions.

CSSD deputies had proposed to omit the mentioned provision from the law and to pass a constitutional law instead, which would precisely define the range of law violation.

However, during the vote in parliament CSSD deputies supported the final version of the anticommunist law.

Benda on Law

LD1407184393 Prague CTK in English 1607 GMT 14 Jul 93

[Text] Prague, July 14 (CTK)—Czech Parliament Deputy for the Christian Democratic Party (KDS) Marek Benda told journalists today that by passing a law on illegitimacy of the Communist regime in the former Czechoslovakia, the Czech Parliament would certainly not be punishing all with the same stick, as Czech Minister of Industry and Trade Vladimir Dlouhy believes.

The law condemns the Communist Party and its members and holds them responsible for what went on during the four decades of the Communist rule, according to the extent of their participation in the government, Benda said. He stressed that under the law which was approved by the parliament on July 9, only those who committed crimes but were not sentenced for them because they were protected by political power will be prosecuted.

At a press conference July 12, Dlouhy said he did not like the anticommunist law because of its general nature. He said that the law throws all former members of the Czechoslovak Communist Party into one sack and that by approving the law the parliament would be beating all with the same stick.

Dlouhy also said that on the other hand he is glad that the law came into being because those forces which had sought its passage would now be able to focus all their great attention on the problems on whose solution our future depends.

EC Association Agreement Postponed Until October

AU1507110693 Prague CTK in English 0604 GMT 14 Jul 93

[Text] Brussels/Prague, July 14 (CTK)—The signing of the association agreement between the European Community (EC) and the Czech Republic was postponed to October 4, Czech Television announced yesterday.

The decision was adopted by the EC Commission. The reasons for postponement were purely technical, said Czech TV. The association agreement was to be signed at the regular meeting of the EC foreign ministers next Monday [19 July].

Will Not Affect Business

AU1507111093 Prague CTK in English 1345 GMT 14 Jul 93

[Text] Prague, July 14 (CTK)—The postponement of the signing of an association agreement between the Czech Republic and the European Community (EC) will not affect the Czech Republic's trade with the EC countries, Foreign Ministry Spokesperson Lucie Pilipova said today.

The ministry said that it had instead managed to get Brussels to initial this Friday [16 July] a supplementary protocol to the Provisional Agreement on Trade and Issues Connected With Trade, which will reflect the conditions agreed upon at the EC summit in Copenhagen, where it was decided to speed up the removal of barriers to trade between the EC and the Czech Republic. The supplementary agreement should be signed in late August.

Pilipova confirmed Tuesday's Czech Television announcement that the signing was delayed for technical reasons.

The English text of the European agreement on the Czech Republic's association to the EC, which was initialed June 23 in Brussels, needs to be translated into the nine working languages of the EC. August is set aside

as a holiday break for the EC administration. The official signing is now planned for October 4.

Prague had been working recently to try to keep the signing on the original date, which was to have taken place at the EC Council ministers' regular meeting July 19.

Dyba Considers Devaluation Against Slovak Koruna

AU1407182593 Prague LIDOVE NOVINY in Czech 13 Jul 93 p 1

["ge"-signed report: "Whatever Was Not Produced Is Not Missed"]

[Text] Prague—"If Czech manufacturers intend to maintain their position on the Slovak market, they should consider cutting their profit margins on exported goods and sell to their Slovak customers at a lower price in Czech korunas," Czech Economics Minister Karel Dyba said at a news conference yesterday following the devaluation of the Slovak koruna. He also mentioned that the central bank should consider devaluing the Czech koruna against its Slovak counterpart, and this within the allowed 5-percent margin according to the clearing treaty.

Assessing the development of the Czech economy, the minister emphasized that the decline in industrial and agricultural output, reflected by considerable reductions in the workforce in these sectors, is a very healthy trend and one that the country has never before managed to establish. The number of workers in agriculture and forestry fell by four percent as compared with 1989, and in industry by 4.5 percent, while in retail and catering employment grew by at least 4 percent. "Is there a shortage of anything essential on the Czech market?" the minister asks. "Apparently, whatever was not produced nobody misses."

In May, applications for protection were filed regarding bankruptcy of 108 enterprises, and in four instances bankruptcy was actually declared. In June, 141 applications were received. Only a small fraction of them concern enterprises in which the state participates.

Government Rules Out Press Distribution Monopolies

LD1407195493 Prague CTK in English 1812 GMT 14 Jul 93

[Text] Prague, July 14 (CTK)—The Czech Government rejected a proposal for a Press Distribution Bill worked out by two deputies of the Civic Democratic Party (ODS), Czech Premier Vaclav Klaus said after today's government meeting at Kolodeje Castle.

The government objects to the regional monopoly on the distribution of daily press, he said, adding that the government, as well as the proponents, are keen on safeguarding the freedom of the press and information, but this proposal is not the way to bring it to a higher level.

The government wants a competition within the distribution sector, not the setting of rules for a regional monopoly, Klaus said. The government does not want to assign individual titles for distribution or decide on the selling hours and display, he added.

Some financial incentive for creating a competitive climate in the regional distribution is under consideration by the government, Klaus said.

Klaus, Meciar To Meet in Budapest 16 July

LD1407221893 Prague CTK in English 2004 GMT 14 Jul 93

[Text] Prague, July 14 (CTK)—Czech Premier Vaclav Klaus today announced that he received an official fax message from Slovak Premier Vladimir Meciar today in which Meciar confirmed his interest to meet with him in Budapest Friday, July 16 at a meeting of the premiers of Central European Initiative countries.

The two premiers are expected to discuss problems concerning the creation of border crossings between the Czech Republic and Slovakia.

Moreover, the Slovak government has charged Meciar with meeting his Czech counterpart in Budapest, Klaus told journalists, citing the fax message.

He said that the meeting would be held on Friday, after 10:00 p.m., following a dinner of the premiers attending the Central European Initiative meeting.

Klaus: 'Protectionist' West 'Irresponsible'

AU1407161993 Duesseldorf HANDELSBLATT in German 14 Jul 93 p 8

[Report by Markus Ziener on interview with Czech Prime Minister Vaclav Klaus; place and date not given: "A Stable Czech Currency Remains the Anchor for the Economy"]

[Text] Prague, 13 July—The Czech Republic wants to remain a low-wage country for the foreseeable future. Also, there are no plans to raise the value of the Czech koruna. In an interview with HANDELSBLATT, Czech Prime Minister Vaclav Klaus stated: "We are not interested in accelerating this process." Criticizing protectionist tendencies in Western Europe, he stated that they are a "symbol of social irresponsibility."

According to Klaus, the Czech economy is still in a transitional phase. During this transformation process, some irrational and artificial activities of the communist period are still to be abandoned. Thus, one cannot simply apply the macroeconomic indicators in his country. "A number of contradictory tendencies still

characterize our heterogeneous economy." Thus, negative growth is no sign of disease.

The 52-year-old prime minister expects zero growth this year. Inflation is now "really under control." As a matter of fact, the price index rose by 8.5 percent in January after the introduction of the value-added tax, but since then the figures (1.3 percent in February, 0.6 percent in April, and 0.4 percent in June) have stabilized at a level that is comparable to the West. He does not accord too much importance to the annual inflation level, which has been estimated at 14 to 16 percent by the central bank, because it is being distorted by individual events. At 2.5 percent, unemployment in the Czech Republic is "probably the lowest in the world." Yet it might rise to 3.5 percent by the end of the year.

One of the reasons for this slight increase is the so-called Bankruptcy Law, which came into force on 22 April 1993. Yet the new insolvency law has not yet led to the disastrous collapse of companies, as expected by many observers, Klaus stated. Unemployment will steadily rise as a result of bankruptcies, but not "overnight." The new law provides for a protection period during which companies can improve their financial situation. In addition, the National Property Fund, which administers the returns from privatization, has made available a sum of about 550 million German marks [DM] to compensate for the consequences of the collapse of companies by means of direct financial aid. However, this sum was chosen arbitrarily and does not reflect the expected volume of bankruptcies, the prime minister stressed.

In addition, a well thought out mechanism ("a Czech specialty") has been developed, designed to prevent so-called secondary bankruptcies that occur as a result of chain reactions among mutually indebted enterprises. Data concerning debts and liabilities are stored in computers, and compared and examined for possible interlocking. Thus, cycles can be "discovered," and the chain reaction can be stopped at the right point with credits. "With one million korunas, we can halt a cycle of up to 100 million korunas." A total of one billion korunas (DM55 billion) will be available for this kind of clearing system at the beginning. With these measures, the number of bankruptcies should be reduced by 20 to 40 percent.

The Czech prime minister cited the dynamic development of the private sector, which is, above all, creating new jobs in the service sector, as the major reason for the unusually low number of unemployed in his country. Second, the former Czechoslovakia had one of the highest levels of employment during the period of socialism, which is now normalizing, thus providing "room for maneuver." Third, a phenomenon can be noticed that companies are keep their employees on despite the economic problems and do not dismiss them immediately.

It is not possible to make a binding statement as to how long wages in the Czech Republic will continue to remain at the current low level. "We are not interested in accelerating this process. That is quite clear," Vaclav Klaus pointed out. The process of adaptation will certainly be slow and not as sudden as in the former GDR. According to Klaus, the state's possibilities to influence the pace of wage increases are only slight. He believes that in spite the fact that the joint council of employers, the trade unions, and the government again adopted a general agreement last March limiting wage increases to a maximum of five percent above inflation. However, this body is losing its significance. "We do not really want this instrument any more. It is a concept that was used in the 1940's and 1950's and is not really in line with our conservative-liberal ideas."

[Text] Klaus vehemently rejected the view of some foreign observers that the Czech koruna is undervalued. He ruled out a revaluation of his country's currency in the foreseeable future. The Czech koruna has been a guarantor of stability over the past 31 months. This is in line with the theory that the exchange rate must remain the nominal anchor for the whole economy. "Since we have liberalized everything else, we need something constant, and so we must not change the exchange rate."

Klaus admitted that trade between the Czech and the Slovak republics clearly declined after the end of the federation on 31 December 1992. In the meantime Germany has ousted Slovakia from its place as the Czech Republic's most important trading partner. "All parties involved knew that the partition would be very expensive." Unfortunately, Slovakia's impatience was so great that no rational arguments any longer had any effect.

Klaus, who also leads the governing Civic Democratic Party, recalls: "I was the only Czech politician who campaigned in Slovakia before the elections, together with my Slovak wife. We spoke to thousands of Slovaks, and I fought for the federation. I am the only one who can claim that."

Unfortunately, people in Slovakia voted for the parties that advocated separation. He believes that the relationship between Prague and Bratislava will develop as between two independent states, such as between the Czech Republic and Germany. "Everything else is dreams." People, particularly in Slovakia, are now feeling the various unpleasant consequences of the partition. Over 50 percent would certainly say today that the division entailed more problems than advantages for them. Yet he is also convinced that 95 percent of the population would say: We are very glad that we are independent.

Referring to the relationship between Prague and Bonn, Klaus stated that Germany, and particularly Helmut Kohl, is "our supporter concerning relations with Europe." Kohl is one of those who advocate the fast integration of the Czech Republic into European structures. However, the prime minister also expressed criticism: "It is true that Germany does not lead the protectionists in Europe, but, unfortunately, I must also say

that Germany does not sufficiently reject the protectionism that is creating such big problems for us." He added: "I have repeatedly heard the term social responsibility. However, protectionism in Europe is a symbol of social irresponsibility." The material and technical aid that the West is providing is only a marginal contribution. "What we need is access to Western markets, which has not yet been granted to us, in spite of all the rhetoric."

Talks With Austrian President Reviewed

LD1407230693 Prague CTK in English 2050 GMT 14 Jul 93

[Text] Bratislava, July 14 (CTK)—Slovak President Michal Kovac said today that the current visit of Austrian President Thomas Klestil to Slovakia was an important event. He said that Austria has long been a model for Slovakia. Kovac said that Slovak-Austrian cooperation could serve as an example of relations between a postcommunist country and an advanced state.

At talks with Klestil, Kovac mentioned that changes to the Slovak-Austrian border crossings should be a part of Slovakia's new openness. Klestil spoke in favour of intensifying contacts between the two countries' citizens. He said that the priority of Austrian foreign policy is to seek inclusion of its neighbour countries into the process of European integration.

Over the six months I have become convinced that Slovakia has accomplished many things in the transition to a market economy and further strengthening of democracy, Klestil said.

Kovac stressed that Slovakia understood Austrian citizens' apprehensions at the nuclear power station in Jaslovske Bohunice, west Slovakia. He said that the solution to the problem demands gradual steps and that the closure of the station depended on the completion of the nuclear power plant in Mochovce, west Slovakia, and on the usage of electric power generated by the unfinished hydroelectric station at Gabcikovo.

He said that the Slovak Republic was very interested in railway and highway links between Bratislava and Vienna. Klestil said that he is fascinated by the vision of Bratislava-Vienna region. Kovac said that Slovakia was interested in cooperation between the Bratislava and Vienna airports and between the two countries' national airlines.

Ministry Admits Losing Weapons

AU1407151093 Prague MLADA FRONTA DNES in Czech 10 Jul 93 p 1

["(ina)"-signed report: "Schubert: The Interior Ministry Has Lost Weapons"]

[Text] Prague—Following the breakup of Czechoslovakia, the Federal Interior Ministry lost some weapons in the process of dividing its property. Discrepancies between the number of weapons held by the federal police and the number actually handed in were uncovered during an inventory.

Interior Ministry press spokesman Jan Schubert told us that these discrepancies were caused by the losses now being investigated by the Police Presidium. He said this in reaction to a report carried by MLADA FRONTA DNES that Prague taxi drivers are dealing in weapons that allegedly come from the former federal police armory. According to Schubert, at the moment, it is impossible to say how the weapons could have found their way to the public. "No one gave any information about the missing weapons to the authorities involved in criminal proceedings; consequently, there was no investigation," he said.

The weapons can be identified by their production serial number. The department keeps records not only of the weapons owned by the Czech Interior Ministry, but also of the weapons assigned to the Slovak Interior Ministry.

Austrian President Concludes Visit

LD1407165893 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1500 GMT 14 Jul 93

[Text] Austrian President Thomas Klestil concluded his two-day official visit to the Slovak Republic today and returned home.

Before leaving, Klestil gave a joint news conference with Slovak President Michal Kovac. Klestil said he was exceptionally happy with the outcome of the visit. He said he was quite taken with the idea of setting up a Vienna-Bratislava region, and emphasized that Slovakia and Austria have to make the most of the good prospects given to the project in internationally compiled analyses.

The Slovak president said he hopes Austria will make more use than it has up to date of the Slovaks' good will, and said that the number of border crossing points between the two countries should increase accordingly.

Spokesman Outlines Reasons for Koruna Devaluation

AU1407182693 Bratislava NARODNA OBRODA in Slovak 13 Jul 93 p 1

[Interview with National Bank Press Secretary Ivan Pasko by an "(asz)"-signed reporter; place and date not given: "Why Did the National Bank Devalue?"]

[Text] [Correspondent] Slovak financial representatives have, until now, denied almost in unison that there was any need to devalue our currency. Then came a sudden turnabout. They devalued the Slovak koruna by 10 percent. Why?

[Pasko] We accepted the need to devalue on the basis of the monetary policy approved by our monetary department. In its analyses, it proceeded from the fact that real inflation since the beginning of the year is higher than was forecast. This step—although the Slovak National Bank [NBS] took it independently based on its own decision—also corresponds to the recommendation made by the International Monetary Fund to react more flexibly to changes in the national economy.

According to our experts' calculations, the impact of devaluation on consumer prices should not exceed an average of 5 percent. It is necessary to point out that, despite the various points of view being put forward in the press, the NBS is not considering any further devaluation measures. However, it is important that the subsequent measures agreed upon by the government to protect our market are implemented.

Further Devaluation Ruled Out

LD1407141593 Prague CTK in English 1314 GMT 14 Jul 93

[Text] Bratislava, July 14 (CTK)—The Slovak crown will not be devalued further, as the ten per cent devaluation on July 10 was sufficient, Slovak Finance Minister Julius Toth told a press conference today.

Toth stressed that he had never ruled out the possibility of devaluation. He confirmed that the devaluation had been strongly suggested by the International Monetary Fund (IMF).

The protection of the currency is a matter of the Slovak National Bank and guarding against inflation is accomplished by the Finance Ministry. That means two things are clashing here, said Toth.

The government and Finance Ministry were taking macroeconomic steps which were not damaging to Slovakia's interests, noted Toth. He added that they were in a difficult position as all federal know-how had remained in the Czech Republic.

If the split of the federation would have occurred two years later, there would not have been anything left to divide, and Slovaks would have to go work in Australia. The Czechoslovak Foreign Trade Ministry assets had been mysteriously lost with the help of Slovak members of the federal government, added Toth.

Romanies To Protest City Regulations

AU1407114693 Prague CTK in English 1426 GMT 12 Jul 93

[Text] Kosice/Spiske Podhradie, Eastern Slovakia July 12 (CTK)—The decree passed by the Spisske Podhradie City Council is an attack against the Romanies of the city, representatives of seventeen Romany political, social and cultural organisations told a press conference today.

On July 1, the Spisske Podhradie City Council adopted a decree which imposes a curfew from 11:00 PM to 4:30 AM for persons of Romany origin and other suspicious people.

The decree authorises the city police to enter private houses of Romany citizens, bans the Romanies from riding cars in bad technical condition in the city and authorises the police to use extraordinary coercive measures if any of these regulations are violated.

We deem it necessary to inform the Council of Europe, said Anna Koptova, a representative of the Association of the Council of Romanies in Slovakia.

Frantisek Slebodnik, mayor of Spisske Podhradie, voiced his discontent with the police work in the town. He told CTK that police were not responding to the criminal acts committed by the Romanies.

The district prosecutor made a protest against the decree, notifying also Slebodnik. Asked whether he contemplated abolishing the decree, he answered not yet.

Meciar Says Arms Manufacturers Losing Money

LD1407230193 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1930 GMT 14 Jul 93

[Text] Premier Vladimir Meciar said that the situation of those Slovak firms which used to produce arms was adverse. After a meeting between Cabinet members, directors of factories under conversion, and representatives of KOVO trade union, Meciar said that out of 24 arms manufacturers 20 currently ran at a loss. The premier said that arms production had dropped to only 9 percent of 1989 production. He recalled the loss of markets and the drain of experts, who typically take 10 years to train.

Kovac on Decommissioning Nuclear Plant

LD1407213193 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 14 Jul 93

[Excerpts] Austrian President Thomas Klestil concluded his official two-day visit to the Slovak Republic this afternoon. [passage omitted]

President Michal Kovac said at the concluding top-level news conference that, to improve bilateral relations, the issue of border crossings must be resolved, as the current situation left a lot to be desired. He went on to emphasize that as soon as the third stage of the nuclear plant in Mochovce is completed and energy from Gabcikovo is continuously fed through, the nuclear power station at Jaslovske Bohunice will be decommissioned. The plant has long been of grave concern to Slovaks and Austrians alike.

Kovac stressed that Slovakia is interested in establishing better rail and road links between Vienna and Bratislava, and in cooperation between the respective airports and airline companies. [passage omitted]

Parliament Approves Bill on Slovak TV, Radio

LD1407221193 Prague CTK in English 1913 GMT 14 Jul 93

[Text] Bratislava, July 14 (CTK)—The National Council of the Slovak Republic (parliament) approved a bill on television and radio broadcasting today.

The law sanctions the dual nature of broadcasting, namely the existence of private stations alongside the public corporations of Slovak radio and Slovak television.

Promotion broadcasting by Slovak radio in the FM-2 band is limited to 0.5 per cent of total broadcasting time.

Individual members of the Council of Slovak Television can be removed following a motion initiated by at least ten deputies and approved by a simple majority.

National Council Amends Laws, Increases Taxes

AU1507072893 Bratislava PRAVDA in Slovak 10 Jul 93 pp 1, 3

[Report by Stefan Hrcko: "Deputies Have Increased Taxes"]

[Excerpts] Bratislava—The most interesting result of the seventh day of the 20th meeting of the National Council of the Slovak Republic yesterday is the amendment to the law on this year's budget and six more bills. By passing this amendment, deputies have increased, among other things, the value-added tax, consumer tax, and property tax in 1993, and changed the manner of payment of insurance for health, sick leave, and retirement. Parliament also passed an amendment to the foreign currency law and the law on state enterprises.

When he was presenting the government's amendment to the law on the 1993 state budget of the Slovak Republic in the sphere of social insurance and other laws, Finance Minister Julius Toth said that the amendment applicable to seven laws was based on IMF recommendations and was construed to yield a deficit as small as possible. In a debate, deputies were mainly concerned with the passage of the amendment to the law on national insurance. [passage omitted]

At the conclusion of the debate, Minister Toth said that by amending tax laws, inflation would increase by 1.4 percent (the state budget is to gain 3.4 billion korunas by implementing this amendment).

Deputies approved, with comments, an amendment to seven laws. By these amendments (laws), the following laws have been affected: the law on the Slovak Republic's 1993 state budget in its part dealing with social security and others, the law on budgetary rules of the Slovak Republic, the so-called law on national insurance, the law on the unemployment fund of the Slovak Republic, the law on the value-added tax, the law on the consumer tax, and the law on property tax. [passage omitted]

Both the national insurance and the unemployment fund of the Slovak Republic will be financed, all during 1993, through the state budget. An increase in taxes is the essence of all these changes. The hitherto 23-percent value-added tax will be increased to 25 percent, and the existing five-percent tax will be increased to six percent. The consumer tax on pure alcohol and alcoholic beverages (distilled products) will increase from 180 korunas to 210 korunas per liter of pure alcohol. For beer over 10 proof and up to 12 proof, the consumer tax was increased from 317 korunas to 340 korunas per 100 liters, respectively. For cigarettes, the consumer tax was increased from 39.1 to 44.4 percent, and an individual consumer tax was imposed on tobacco and equipment to produce hand-rolled cigarettes. The clause stating that property tax and building tax calculated for this year will be increased 25 percent represents an important change. This should help the budgets of cities and villages. There

is a new rule, according to which the tax collector can, depending on local conditions, increase or reduce the tax defined by the law on buildings by up to 50 percent. So far, the tax could have been modified only in case of certain buildings. The amendment will come into force on 1 August.

Deputies also approved an amendment to the law on state enterprises yesterday. This amendment makes the system of the functioning of state enterprises closer to that of trade organizations. Enterprises will have to establish a reserve fund. The most important thing is, however, the fact that, within 150 days after this law comes in force, state-run enterprises will have to put all their funds in an account in one bank (according to their selection), and without approval of that bank, they will not be allowed to have accounts in other banks. State enterprises will have to make their payments amounting over 10,000 korunas in no-cash form only. The law comes in force as soon as it is published in the Collection of Laws. [passage omitted]

Unemployment Rate Increases to 12.5 Percent

AU1407114493 Prague CTK in English 1504 GMT 12 Jul 93

[Text] Bratislava July 12 (CTK)—The number of unemployed in Slovakia in June has been put at 318,000, the Slovak Ministry of Labour, Social Affairs and Family told CTK today.

The rate of unemployment in June was 12.5 percent, up by 0.5 percent from May.

Regionally, the highest rate of unemployment, about 20 percent, was experienced in the districts of Rimavska Sobota, central Slovakia, and Michalovce and Roznava, both eastern Slovakia, while the lowest rate of unemployment occurred in Bratislava (4.3 percent).

A total of 106,000 people received unemployment benefits in June, up by 2,800 from May.

In June, labour offices across the country recorded 10,800 vacancies, corresponding to 29 unemployed persons per vacancy.

Statistical Office Releases Figures on May Prices

AU1407142293 Bratislava HOSPODARSKE NOVINY in Slovak 12 Jul 93 p 8

[Report by Slovak Statistical Office: "The Development of Consumer Prices and Cost of Living in the Slovak Republic in May 1993"]

[Text] Consumer prices increased by 0.5 percent in May. Prices for nonfood products increased by 1.3 percent, and prices for services by 1.3 percent. Prices for food products fell by 0.6 percent, as did prices for public catering.

As regards nonfood products, prices rose in almost all the groups for which records are being kept. The highest increase in prices, 2.1 percent, was recorded in personal hygiene products, medical supplies, and drug-store products; household equipment 1.8 percent; and shoes and leather haberdashery 1.8 percent. In other groups of nonfood products, prices increased by between 0.1 percent and 1.5 percent in May, which was mainly due to lower prices for products being replaced by new types. Prices for fuel fell by 0.4 percent.

The decline in food prices was caused mainly by lower prices for meat and meat products, falling by 2.7 percent; eggs and egg products 4.5 percent; fats 2.1 percent, and milk and dairy products 0.2 percent. In other groups of food products, prices increased by between 0.5 and 1.4 percent.

In public catering, prices for works canteen catering rose 0.3 percent, while those for restaurant catering fell by 0.7 percent.

In services, prices rose mostly for tickets for cultural events, entertainment, and sports events—1.6 percent; recreation, health care, social facilities, and others—1.1 percent; rents and prices for communal services—0.9 percent. In other areas within the service sector, prices rose by between 0.2 and 0.4 percent.

In the first five months of this year, consumer prices rose by 11.7 percent on average (compared with December 1992). Monthly price increases have shown a tendency to slow down (January—8.9 percent, February 1.6 percent, March 1.0 percent, April 1.2 percent, and May 0.5 percent). The smallest increase since the beginning of the year (compared with December 1992), was for food prices at 8.6 percent on average; and nonfood products, 9.9 percent on average. Prices for services rose more markedly at 14.9 percent, and prices for public catering rose by 23.9 percent.

In a comparison over a longer period, prices in May were 135.6 percent higher than in January 1989.

The development of consumer prices also affected the cost of living, which rose by 0.4 percent in May as compared with April. This figure applies to families of employees, while the cost of living in farming families rose 0.5 percent. In pensioners' households, the cost of living remained at April's level.

In all social groups, the increased cost of living was affected by higher prices for nonfood products and services. On average, the cost of nonfood products was 1.3 percent higher than in April, and 0.4 in the case of services. The rate of increase in the cost of living has been reduced by lower food prices, at 0.9 percent on average, and 0.4 percent for drinks.

Compared with December 1922, in the first six months of this year the cost of living in all social groups rose by 10.6 percent. The rate of increase has been declining

since January, when the increase was 8.1 percent (February 1.6 percent, March 1.0 percent, April 1.0 percent, May 0.4 percent). Compared with January 1989, the average increase for all social groups is 125.1 percent.

May Statistics Publicized

AU1307123793 Bratislava NARODNA OBRODA in Slovak 9 Jul 93 p 22

[Report by Alexander Szabo: "May Statistics—Slowing Down of Inflation; This Year's Crop Is Likely To Be More Than 20 Percent Lower"]

[Text] Yesterday, Slovak Statistical Office Chairman Rudol Krc reported on economic developments in May. According to his words, supported by statistical data similar to the previous month, a moderate economic recovery took place in May as evidenced by the growth of daily production and the total volume in the individual manufacturing sectors.

Industrial output grew 2.2 percent in comparison with the previous month, construction increased by 6.7 percent, and freight transport by 5.6 percent. While production over the last two months on record shows a moderate recovery, such a favorable trend cannot yet be established for the period from the beginning of the year because the results of individual sectors vary considerably. The situation is much worse in comparison with last year. Industrial output over the first five months, for instance, reached a volume of 141.3 billion korunas, i.e. 15 percent less than last year.

The situation in animal farming continues to be gloomy, as the number of farm animals continues to decline in comparison with last May—sheep by 4.7 percent, chicken by 4.8 percent, beef cattle by 1.3 percent.

Statistical research predicts a poor harvest in crop farming. The hectare yield of basic cereals is expected to be 20 percent lower than last year. A similarly lower crop is anticipated in early potatoes. According to statistics, the overall crop this year is supposed to reach only 74 percent of that harvested last year.

Among the favorable statistical data is the continuing decline in the cost of living—the total increase in the cost of living for all social groups amounted to 0.4 percent in May, and the cost of food even declined by 0.9 percent on average.

The unemployment situation remained stable. There were 304,600 jobless in May, which is actually 100 fewer than in April. The rate of unemployment again reached 12 percent.

The overall Slovak trade balance shows a surplus in the first four months, although the volume of foreign trade declined in comparison with last year. The surplus is 600 million korunas.

Report on 1992 Demographic Figures

AU1507073193 Bratislava REPUBLIKA in Slovak 13 Jul 93 p 3

[TA SR report: "There Are More Than 5 Million of Us"]

[Text] Last year 74,600 babies were born in Slovakia, which is 3,900 fewer than in 1991. The number of live births per 1,000 inhabitants fell by 0.8 percent compared to the previous year and amounted to 14.1 per 1,000. It is clear from an analysis of demographic developments in Slovakia last year that this is the lowest figure in the whole postwar period. In comparison with 1991, internal migration fell slightly and involved 103,700 people. Some 6,800 came from the Czech Republic and 11,700 moved there. Some 2,100 moved to Slovakia from abroad and 128 people left the Republic. On 31 December 1992 Slovakia had a population of 5,307,900, 51.2 percent of whom were women. In 1991 there were 954 men per 1,000 women, two more than now.

Romanian Senator Claims Assault by Hungarian Police

LD1407193493 Budapest Kossuth Radio Network in Hungarian 1700 GMT 14 Jul 93

[Text] The Romanian Foreign Affairs Ministry considers a Romanian senator's statement conceivable, according to which Hungarian policemen assaulted and robbed him when he was returning home from Strasbourg. The Romanian politician claims that after taking away his money the policemen prevented him from registering a complaint with the Romanian embassy in Budapest. In Bucharest it is thought that Adrian Paunescu's case is not unique. All these cases contribute to the maintaining of a tense atmosphere between the two countries, a Romanian Foreign Affairs Ministry spokesman said today. The competent officials of the Hungarian police called the Bucharest senator's claim incredible.

Talks Continue on Danube Dam With EC Mediation

LD1407134693 Budapest MTV Television Network in Hungarian 0445 GMT 14 Jul 93

[Text] In The Hague today, State Secretary Janos Martonyi is to continue consultations with the president of the International Court of Justice in connection with the litigation in the matter of the Gabcikovo power station.

Yesterday in Brussels, with the mediation of the European Community, he met his Slovak colleague Jan Lisuch again to find a solution for the division of the water of the Danube. However, no result was achieved this time either.

Following this, the EC offered that the current Belgian Presidency submit a proposal within a few days and, if adopted by both parties, the EC will send a group of independent experts to assess the situation in the old and new river beds. On the basis of this, they will submit a proposal within 90 days, partly dealing with the division of water and partly for possible and necessary measures to ease the damage.

According to Martonyi, although we will lose time by this, the other alternative would have been to break off talks and finally abandon the Szigetkoez area. It is in our interests to continue the negotiations with the involvement of the EC, the state secretary pointed out.

No Suspension of Danube Traffic Envisaged

LD1407192693 Budapest MTI in English 1709 GMT 14 Jul 93

[Text] Budapest, July 14 (MTI)—Hungary's shipping company Mahart does not intend to suspend boat traffic near Belgrade during the Serbian Danube blockade scheduled for July 18-28.

Serbian boats are expected not to block the river, but slow the passage of vessels, senior Mahart official Ferenc Moser told MTI on Wednesday.

As the company lacks detailed information on the demonstration, ships would leave so as to pass the critical zone if possible before July 18.

Slovakia Protests Nagymaros Restoration Project

LD1407114093 Prague CTK in English 1010 GMT 14 Jul 93

[Text] Budapest, July 14 (CTK)—Restoration of the Nagymaros area to its natural state, before construction of the dam that is part of the uncompleted Hungarian-Slovak hydro-electric project, may begin by the end of this year, say Hungarian experts.

The Slovak Foreign Ministry sent a note of protest to Budapest yesterday regarding the dismantling of the dam, which must be carried out before restoration can begin. It requested that Hungary wait until after a decision is announced on the project by the International Court in The Hague, which is hearing the case.

The restoration project, which was bid on by 9 firms and is yet to be awarded, is expected to cost Hungary 11.8 billion forints (980 million USD).

Foreign Trade Official on Trade Status

AU1407120193 Budapest MAGYAR HIRLAP in Hungarian 9 Jul 93 p 13

[Interview with Laszlo Bogar, political state secretary at the Ministry of International Economic Relations, by Pal Emod; place and date not given: "Import Surplus Increases Monthly"]

[Excerpts] The original government forecast for 1993 counted on a small foreign trade deficit. The figures in the new budget for 1994, which was submitted to parliament recently, already show a $1- to 1.5-billion import surplus. It seems that reality will even exceed this prognosis, because the trade deficit already stood at $1.6 billion at the end of May. Is the government aware of the danger? We interviewed Laszlo Bogar, political state secretary at the Ministry of International Economic Relations.

[Emod] Exports have been constantly decreasing since November 1992 and, if I am correct, May figures also show this trend: According to customs statistics, in five months, imports exceeded exports by $1.6 billion. Is that information correct?

[Bogar] Essentially, this is correct, but the figures are not the most important thing. It is more important that, since November, the drop in exports increased by 20 percent monthly. The same applies to the quarterly figures. Thus, this trend has been clearly evident since November.

[Emod] Given the fact that six months have already passed this year, I think that both the International Economic Relations Ministry [NGKM] and the government must give up the illusion that Hungarian exports

will exceed $10 billion this year, after the $10.7 billion achieved last year. It is possible that the exports this year will not even reach $9.5 billion.

[Bogar] We do not yet have final figures for May, but as I already said, the trend that has been going on since November did not change in May either. Thus, it seems increasingly improbable that we can conclude this year with a drop in exports smaller than 10-12 percent. However, the condition for this is that exports should increase in the second half of this year, compared with the base figures, and then the current drop of 20-25 percent can decrease to a drop of 10-12 percent. In other words, there are no realistic chances of exceeding the $10 billion figure in exports.

[Emod] Some experts say that, in 1993, our economy's exports simply returned to the 1991 level, and last year's increase was only due to one-time effects. Do you agree with this?

[Bogar] Our agricultural exports were good last year, and the income from paid work also reached $1.7 billion. Market restructuring elements also gave an impetus to exports last year. In other words, the $10.7 billion achievement in 1992 is the common result of several factors. At the same time, there was a drought last year, and there have been hardly any agricultural exports this year, and paid work shifted to neighboring countries where wages are lower than in Hungary. In addition, German employers are under strong pressure to shift pay work to eastern Germany.

[Emod] Is it possible that the Hungarian economy is incapable of continuing to export products?

[Bogar] It is difficult to answer this question, because the debate on the real potential of our economy has been going on for a long time. The actual capacity of our economy is probably better, or at least different, than presented by statistics. [passage omitted]

[Emod] The current $1.6 billion import surplus might even register a two-fold increase by the end of this year. Then, this surplus will be financed either from Hungary's currency reserves or from new credits, which will increase Hungary's foreign debt. Import restrictions might also come in question....

[Bogar] This is out of question. One can no longer use planned economy means in a market economy. Thus, we must accept the fact that, if exports drop by 20-25 percent, the GDP will also drop by 4-5 percent and further tens of thousands of jobs might disappear, and the planned balance of payments cannot be maintained either. [passage omitted]

Germany To Assist Social Modernization in Hungary

LD1407163893 Budapest MTI in English 1522 GMT 14 Jul 93

[Text] Budapest, July 14 (MTI)—"Germany wants to help social modernization in Hungary as well as economic recovery," Hungary's International Economic Relations Minister Bela Kadar said on Wednesday after meeting German Economic and Cooperation Minister Carl-Dieter Spranger.

Spranger is leading a delegation to Hungary. The ministry, which coordinates German international aid schemes, has already given much support to developing countries.

The aim of the current visit was to find ways of assisting Hungary. The two ministers agreed to clarify details by the end of the summer.

Unemployment Drops to 12.6 Percent in June

LD1507080393 Budapest MTI in English 0603 GMT 15 Jul 93

[Text] Budapest, July 14 (MTI)—The number of registered unemployed continued to fall in June to 657,000, or 12.6 per cent, compared to 677,000 in May, according to the national labour centre.

However, nationwide differences remained great, with the unemployment rate at 21.1 per cent in Nograd County in northern Hungary, 20.1 per cent in Szabolcs-Szatmar-Bereg County in eastern Hungary and 19.5 per cent in Borsod-Abauj-Zemplen County in northern Hungary, while the rate was only 6.5 per cent in Budapest, 8.1 per cent in Gyor-Moson-Sopron County in western Hungary and 8.6 per cent in Vas County also in western Hungary.

After increasing for several years, the number of registered unemployed hit a high in February this year at 705,000 people. The number has been steadily decreasing since then.

Walesa Holds News Conference on BBWR, Elections

WS1407125293 Warsaw TVP Television First Program Network in Polish 1000 GMT 14 Jul 93

[Report by Correspondent Tomasz Lis, from the Belveder; from the "Wiadomosci" newscast]

[Text] [Announcer] A news conference of President Lech Walesa began an hour ago in the Belveder.

[Lis] [Video shows Walesa and Presidential Spokesman Drzycimski standing; Walesa is speaking] President Lech Walesa said at the news conference that if it were not for the BBWR [Non-Party Bloc in Support of Reforms], the parliamentary election would be won by four parties: Democratic Left Alliance, Polish Peasant Party, Confederation for an Independent Poland, and Democratic Union. According to him, in such a situation we would have a paralyzed legislature which would be absolutely incapable of forming a strong government. The nation would [word indistinct] because a left-wing government would be formed; then everything might end on the streets, added Lech Walesa.

The president did not answer the question of who would be prime minister if the BBWR won the election. Lech Walesa often gave assurances that he was not waging an election campaign and appealed that, as he said, no minutes be counted for him [reference to the limited amount of broadcast time allotted to candidates]. He also stated that without the BBWR, we would witness a politically ridiculous situation.

The president spoke about the work of journalists with skepticism. As he said, many of you will write what you like anyway, and also many of you will distort certain things.

Walesa Defends Television Address

AU1507093193 Warsaw PAP in English 2021 GMT 14 Jul 93

[Text] Warsaw, July 14—President Lech Walesa today rejected allegations that his televised address to the nation on Tuesday evening amounted to intervention in the campaign for the September parliamentary elections.

Addressing a news conference in Warsaw, President Walesa repeated his insistence in the address that the Non-Party Reform Bloc (BBWR) does not represent a presidential party. He nevertheless defended his decision to speak out: "If the elections were to take place today, without my participation, I know what would be the result," he said, naming as the most likely leading political groups the post-communist Democratic Left Alliance (SLD), Polish Peasant Party (PSL), Democratic Union (UD), and the Confederation for an Independent Poland (KPN).

In Walesa's opinion, the formation of a leftist government might be possible, but "the whole nation would be angered, and would change this on the streets." As president, I would feel obliged to oppose this, "for such a situation would be the negation of my BBWR concept," he said.

For Walesa, personal intervention is a necessity. Without it, "there will be anarchy, and we will find ourselves close to a Yugoslav situation. The BBWR is a situation to be seized, not for my sake, but for Poland. I want to serve the nation, and save it from the cataclysm which threatens it."

The BBWR is not a party, he stressed. "The nation has had enough of the parties, of the gaggling. They say that the president and the parties have not implemented their programmes." The BBWR programme will be a basis for discussion, whose realisation will be overseen by the president.

A television journalist asked the president whether the next parliament, which might contain the scandal-mongering authoress "Anastasia Potocka" (Marzena Domaros) and the mother-in-law of Monika Kern, estranged daughter of Sejm Deputy Speaker Andrzej Kern, would be better than its predecessor. "For everything that you mentioned, the BBWR is the cure," replied the president, "and there will be no place in the BBWR for 'Potocka,' nor, I believe, for Monika Kern's mother-in-law."

Both ladies are to campaign as independent, protest candidates in the September elections.

The president welcomed the concordat negotiated between Poland and the Vatican, and dismissed suggestions that problems could be caused by unclear definitions in parts of the text. On Polish-Lithuanian relations, currently going through a shaky phase following Lithuanian attempts to insist that Poland recognizes the "illegal occupation" of the Lithuanian capital Vilnius by interwar Poland, President Walesa observed: "We are going to be neighbors, and we must regulate these issues. (...) time will resolve these problems, I am convinced, profitably."

Electoral Commission Head Comments on Walesa Speech

LD1407152193 Warsaw Third Program Radio Network in Polish 1400 GMT 14 Jul 93

[Text] In yesterday's address by the president, there were elements characteristic of an election campaign, Andrzej Zoll, chairman of the State Electoral Commission, has said. In his opinion, there is no ban on conducting an election campaign, and, consequently, there are no grounds to take any legal steps. Also, according to current regulations, the conducting of an election campaign on television and radio is within the jurisdiction of the National Radio and Television Broadcasting Council, and the State Electoral Commission only performs a general supervisory function.

Conservative Says Olszewski Party Not in Coalition

LD1407125993 Warsaw PAP in English 1210 GMT 14 Jul 93

[Text] Warsaw, July 14—Michal Ujazdowski of the Conservative Party (PK) said on Wednesday [14 July] that in his opinion the Catholic Electoral Committee "Ojczyzna" (Homeland) is a closed construction and would not sign further election agreements with other centre-right coalitions.

"Our coalition is not reviewing the possibility of cooperation in elections to the Sejm (Lower House of Parliament) with Jan Olszewski's Coalition for the Republic of Poland and with the Polish Unity closely linked with the Centre Alliance," Ujazdowski said.

Ujazdowski, however, did not exclude the possibility that all three centre-right coalitions would "support each other in elections to the Senate."

The "Ojczyzna" Electoral Committee was set up by leaders of the Christian-National Union, the Peasant-Christian Party, the Party of Christian Democrats, the Forum of Polish Entrepreneurship and the Conservative Party during a meeting in Gdansk on Tuesday.

Tyminski Predicts Unrest, Aspires To Lead Government

WS1507090393 Warsaw RZECZPOSPOLITA in Polish 12 Jul 93 p 2

[Report by Kazimierz Groblewski: "Tyminski Wants To Be Prime Minister"]

[Text] Stanislaw Tyminski believes that Party X will win the majority of seats in the Sejm and form a new government with him as the prime minister. "My computer predicts," said Tyminski at the news conference on 10 July, following the closed-for-journalists congress of the Party X, "that in 1994 and 1995, Poland will face a crisis which the world has not seen yet."

The victory of the UD [Democratic Union] or SdRP [Social Democracy of the Polish Republic] in the elections will produce "major social unrest." Only a government led by the Party X will be able to cope with the crisis.

"After all that has happened," the Party X has no confidence in any political grouping on the Polish political scene, and particularly in the BBWR [Non-Party Bloc in Support of Reforms]. This is why it will enter the election by itself. According to the information provided by Tyminski, so far it has collected more than 18,000 signatures out of 78,000 required for registration on the nationwide legislative list. While the party intends to put forth as many of its candidates as possible, their exact number is not yet known. None of its candidates will run for the Senate.

The delegates gathered at the congress (400 according to Tyminski, and 200 reported by a RZECZPOSPOLITA journalist, who briefly visited the congress) committed themselves to personally collect signatures. This is supposed to prevent an incident from the last election, when the State Electoral Commission questioned part of the party's signatures and denied it registration on the nationwide list. Tyminski said that the Party X rejected a request by the SdRP to help it in collecting signatures, but did not specify who from the SLD [Socialist Left Alliance] made the proposal.

The leader of the Party X expressed his hope that "certain civilian non-political organizations" will help him garner the signatures, but mentioned only the Trade Union of the Policemen.

In the event of failed signature-collection, Tyminski said he would leave the country because "he would have nothing to do here." The Party X counts on "70 percent of the angry people," the current situation, and "contacts." However, it does not count on "five percent of those satisfied and 25 percent of sycophants." "[Prime Minister] Suchocka executes directives of those groups, and [President] Walesa safeguards all this. You could even call it a thievery..." This is how Tyminski responded to one of the questions.

His party has its own list of secret agents, "which does not entirely overlap with that of Macierewicz [former interior minister]. The Party X has a special department in charge of this issue, and, with considerable public support, managed to obtain this information," stated Stanislaw Tyminski.

PSL Members Win Libel Case Against Interior Ministry

LD1407161293 Warsaw Third Program Radio Network in Polish 0900 GMT 14 Jul 93

[Text] [Announcer] The court trials involving cases of defamation and brought by politicians from the Polish Peasant Party [PSL] against the Internal Affairs Ministry [MSW] started this morning. Three out of four verdicts scheduled for today have already been passed by the court.

[Correspondent Agata Kochanowska] The minister of internal affairs undertakes to apologize to the plaintiffs Tomasz Holc, Aleksander Krzeminski, and Jan Zylber, for having subjected them to loss of good name by including their surnames and Christian names in the lists of collaborators of the former UB [Security Office] and SB [Security Service]. The minister of internal affairs has failed to prove that materials in his possession confirm the fact of collaboration of Holc, Krzeminski, and Zylber with the UB and SB. Consequently, the disclosure of materials that could suggest that such collaboration did take place by the minister of interior affairs on 4 June 1992 constitutes defamation. The apology will be published by the press within one week.

The three former deputies also made a sworn statement that they had never been employed by the SB.

[Announcer] The fourth trial concerns former deputy Aleksander Bentkowski. We have to wait for the verdict. According to the MSW press spokesman the ministry wants to settle the case amicably with all the plaintiffs who have brought court action against it.

EC Lifts Ban on Polish Livestock Exports

LD1407222793 Warsaw PAP in English 2006 GMT 14 Jul 93

[Text] Warsaw, July 14—Head of the Agriculture Ministry Janusz Bylinski on Wednesday [14 July] said that Poland is satisfied with the decision of the European Communities (EC) Commission to allow Poland resume its livestock exports to the EC countries as of July 15.

The decision announced by the EC spokesman on Wednesday is a result of a compromise in the dispute over the terms of the exports. Poland accepted the terms of its livestock exports and the EC agreed to interpret them flexibly.

The dispute began on April 7 when the EC banned imports of Polish meat and dairy products claiming a case of foot and mouth disease had been discovered in livestock imported from Eastern Europe.

The day after the ban took effect, Poland and several Eastern European countries moved to ban imports of livestock, dairy and meat products from the EC countries. Following this, the EC Veterinary Committee met to review the situation and recommended that the EC Commission withdraw the ban.

Janusz Bylinski said that according to the ministry's estimates, Poland's losses resulting from the April 7 ban had amounted to 25-28 million dollars monthly.

Solidarity Threatens Continued Protest Actions

LD1407222593 Warsaw PAP in English 1959 GMT 14 Jul 93

[Text] Warsaw, July 14—Solidarity will be continuing its protest action whenever the rights of employees and their families are violated, irrespective of the ongoing electoral campaign, Solidarity Chairman Marian Krzaklewski said after a meeting of the national strike staff here on Wednesday [14 July].

According to Krzaklewski, a strike can follow unjustified group lay-offs, rising costs of living leading to growing impoverishment of Polish families and irregularities in payments of the state- guaranteed wages and unemployment benefits. Solidarity is to send a letter to President Lech Walesa to specify the existing threats and to suggest what decisions should be made to avert them.

Krzaklewski added that the biggest threats were now in coal mining where great numbers of employees were planned to be laid off this autumn and in the armaments industry whose representatives planned to stage a four-hour warning strike this month.

Chairman of the Mazowsze Solidarity Region Maciej Jankowski said that August could become a critical moment, with results of rises in energy prices and the introduction of value added tax becoming visible.

Solidarity members considered the government giving up rises in the prices of electricity and gas planned for August their success. The leader of Solidarity Marian Krzaklewski stressed the union expected the money gained from stamping alcohol and tobacco products with excise bands to be assigned, as announced, to wages in the budget sphere. Solidarity demanded also freezing privatization of strategic industrial branches till the formation of a new government.

Foreign Ministry Has No Comment on Hupka's Statements

LD1407164793 Warsaw PAP in English 1547 GMT 14 Jul 93

[Text] Warsaw, July 14—The Polish Foreign Ministry is neither commenting nor adopting a stand on last Saturdays [10 July] statements by Chairman of the Silesian Landsmannschaft Herbert Hupka. During the Congress of Silesians in Nuremberg Hupka said the organization wanted an "out-of-court" change of the Polish-German border "in consultation with the neighbours."

In Hupkas opinion the present frontier and its recognition in the Polish-German Accords preserved the "wrongs...and no law can be born out of wrongs."

Hupka also demanded that talks on the Germans' "lost property" be held and the rights of the Germans in Poland be inserted in the legal acts.

According to the Foreign Ministry, the rights of Poland's German minority are fully respected and any demand to revise or change the Polish-German border would hit out at Polish-German reconciliation and rapprochement.

Director of the Foreign Ministry's Press and Information Department Wladyslaw Klaczynski said Wednesday that in his letter to participants in the congress German Chancellor Helmut Kohl defined the treaty with Poland as a platform for Polish-German rapprochement.

Klaczynski stressed that the rights of Poland's German minority were fully respected, in keeping with the spirit and the letter of both Polish-German treaties and international law.

Ministry Denies Discriminating Against Germans

LD1407142793 Warsaw Third Program Radio Network in Polish 1200 GMT 14 Jul 93

[Text] The Ministry of Foreign Affairs [MSZ] will not comment or state its position on statements by Hubert Hupka and other leaders of the Silesian Landsmanschaft made at the Nuremburg congress last weekend.

According to the MSZ the rights of the German minority in Poland are fully respected and any demand to review or change the borders between the two states (Poland and Germany) would be against Polish-German reconciliation and against closer relations.

Wladyslaw Klaczynski, director for press and information at the MSZ, pointed out that the issues concerning the resettlement of Germans were regulated by a resolution of the Allied Control Council issued in November 1945, which happened with the participation of the great four, that is the United States, the former Soviet Union, Great Britain, and France. Thus this was a decision of the superpowers of which Poland was an executor, Klaczynski stressed.

New Law Seen as Protecting Interests of Businessmen

WS1507090293 Warsaw RZECZPOSPOLITA in Polish 12 Jul 93 p 1

[Report by Izabela Lewandowska: "What Kind of Law We Have"]

[Text] Opinions of Poles about the current change in the legal system are very divided. The number of those who believe that the new regulation is an improvement is almost equal to those who think it has remained the same—27 and 26 percent; however, 23 percent consider it worse than the previous one. The remaining 25 percent are unsure about their opinion. As much as 40 percent of the population is not able to say whether the new law is more just.

In the opinion of 35 percent of those polled, the new laws are less just, and almost 25 percent have the opposite opinion. In response to the question of whose interests the new laws are meant to protect, the answers were extremely diverse. However, most of the interviewees named businessmen, entrepreneurs, and the rich (29 percent) as well as the government, president, and politicians in power (25 percent).

These were the findings of a poll conducted for RZECZPOSPOLITA by the Sopot Research Center among a representative group of 1,046 adults. These figures should definitely be noticed by the present and prospective legislators. The Poles are skeptical about the results of transforming the legal system—only 27 percent view them favorably, of which men account for 30 percent and women 23 percent. Women most frequently were unsure about their opinion (29 percent).

Most favorable opinions on the new laws are shared by affluent individuals, whose income exceeds three million zlotys [Z] per capita (57 percent), self-employed (47 percent), managers (38 percent), and the unemployed and those employed in private businesses (30 percent).

Thirty three percent of the unemployed and individuals whose income level is two to three million zloties per capita, 31 percent of people living in towns numbering from 50-200,000 inhabitants, and 30 percent of skilled workers consider the new laws worse. The percentage of those sharing this opinion is equal for all professional, income, and age groups.

Papers Vote 'No-Confidence' in Government

AU1407143293 Bucharest ROMPRES in English 1241 GMT 14 Jul 93

[Text] Bucharest, ROMPRES, 14/7/1993—The dailies ROMANIA LIBERA, ADEVARUL, EVENIMENTUL ZILEI, TINERETUL LIBER as well as the news agencies AR Press and AM Press decided to withdraw all their coverage of government activities for a while, a move tantamount to a no-confidence vote as they said, meant to punish the executive's "lack of credibility".

A release of the Steering Committee of the Romanian Journalists' Association (AZR) reads: "The present Romanian Government is an agonizing body which seems to have been especially designed to bar the way to democracy. The government's manner of approaching the grave corruption cases, the way it pronounces on the guilt of highly-placed officials, are in defy of the public opinion. The government does not seem willing to rid itself of the corrupt, disgraced persons and tries to dodge the corruption scandal."

"On the other hand," the press release continues, "the government now running the affairs of this country is one that has lost the reins of power, devoid of authority, come to a deadlock, which is however going any length to sell things in the brightest colors."

The press release concludes: "The press is hereby moving a censure motion in its own style—by refraining to cover, for a period of time, the government's activities, as if it were non-extant. This is our vote of no-confidence mainly for the government's lack of credibility, at this summer time, marked by crises, incompetence, corruption and ill-faith, a time over which the government has just been vested with even greater prerogatives: of issuing ordinances having the power of laws."

U.S. Military Delegation Arrives

AU1407185593 Bucharest ROMPRES in English 1254 GMT 14 Jul 93

[Text] Bucharest, ROMPRES, 14/7/1993—A delegation of the command of the U.S. forces in Europe, led by Captain R.I. Gordon Peterson, head of the Public Relations Section of the Command, arrived in Romania for a swap of experience with similar structures of the Romanian Ministry of National Defense [MANR], the MANR Press Office informs.

The visit schedules lectures and workshops at the journalism faculty of the Bucharest University, the Academy of Higher Military Studies, and the National Military Club, which are to be attended by officers, civilian and military press representatives, academic staff and students; it also includes specific activities with qualified personnel of the Ministry of National Defense and tours of several military units in Romania.

Hungarian Police Condemned for Assaulting Paunescu

AU1407185493 Bucharest ROMPRES in English 1431 GMT 14 Jul 93

[Text] Bucharest, ROMPRES, 14/7/93—President Mircea Snegur of the Republic of Moldova is to visit Romania on 17 July at the invitation of President Ion Iliescu, Foreign Ministry Spokesman Mircea Geoana told the press at the weekly news conference. President Snegur will be accompanied by Prime Minister Andrei Sangheli, Foreign Minister Nicolae Tau, other officials.

Relative to the assault by Hungarian policemen against Senator Adrian Paunescu while he was transiting Hungary on his way home from Strasbourg, as reported by the senator himself, the spokesman said the Romanian Ministry of Foreign Affairs would make the necessary demarches with its Hungarian counterpart, for the detection and exemplary punishment of the policeman found guilty of offense, perpetrated before witnesses, demanding at the same time to be informed of the measures the Hungarian Foreign Ministry has deemed fit to take.

The Romanian Ministry of Foreign Affairs expresses its deep concern over an act of aggression and threat with physical extinction against a Romanian member of parliament, member of the Romanian delegation to the Council of Europe, all the more so as "the fact is not singular. Many Romanian citizens, some of them ethnic Hungarians, have lately reported similar assaults, and although all these cases were duly notified to the Hungarian authorities concerned, they failed either to acknowledge receipt of notification or to give satisfactory answers. Such incidents can only build up tension between the two countries and foster an anti-Romanian atmosphere, which some political organizations or factions and media in Hungary seem to be no strangers of," the Romanian Foreign Ministry spokesman said.

Conversion of Military Industry Viewed

AU1407095293 Bucharest ROMPRES in English 0821 GMT 14 Jul 93

[Text] Bucharest, ROMPRES 14/7/1993—The Automecanica Works of Moreni (central Romania) used to be known until not long ago, in the world of military equipment producers, as a competitive manufacturer of armoured carriers, writes daily ROMANIA LIBERA. The production of the works was 95 percent armament. The percentage has dropped to 3 percent now. The shock of restructuring, the paper writes, has not been easy to cope with and it resulted in a tangible redundancy of personnel. But, based on a licence from the Aro tout-terrain car works in Cimpulung, Automecanica has started building the Aro 320 light truck, manufacturing by itself 60 percent of its parts. Last year, the Automecanica developed several variants, such as the mail van, the telephone repair van, the tip-up trailer, etc. The newspaper notes the van designed to carry values, with

an a3 protection level, recognized internationally. Both its tubes and tyres and its windows are bullet-proof. Eighty four such vans have already been delivered.

The series zero of a sturdy truck—am 443 T—was homologated in July 1992. Its design and development were financed entirely by the works. It is meant both for the Army and for civil sectors, for oil rigs and mining operations and generally for broken ground. The works makes plans to build also an automobile of its own design.

Prosecutor's Office Examines Right-Wing Extremism

AU1407204093 Bucharest Radio Romania Network in Romanian 1300 GMT 14 Jul 93

[Text] Prosecutor General Vasile Manea Dragulin has issued a declaration in connection with the letter that the Romanian President sent to him and that was broadcast in our previous newscast. The prosecutor general states that the respective letter was passed over for examination to the Steering Collegium of the Prosecutor's Office and the bodies in charge of this issue.

In connection with the publishing of *Mein Kampf* by the [name indistinct] Publishing House, Mr. Vasile Manea Dragulin stressed that the documents in the file referring to it will be examined, its text will be reexamined, and the point of view of the Culture Ministry on this issue will be made public.

Referring to the anti-Semitic, nationalist, and chauvinistic character of certain articles that have been published in the press, Romania's prosecutor general notes that there is [words indistinct] of penal and criminal investigation, several cases referring to these aspects, and each case will be examined individually.

Information is currently expected from the Ministry of Interior and the Romanian Intelligence Service in connection with the activity of the National Rightist Party, the Movement for Romania Party, and the Party for the Fatherland. The statutes of these parties will be reexamined and the decision adopted will be made public, said Mr. Vasile Manea Dragulin, Romania's Prosecutor General.

Council Examines Minority-Related Issues

AU1407201293 Bucharest ROMPRES in English 1749 GMT 14 Jul 93

[Text] Bucharest ROMPRES, 14/7/1993—The activity of the Romanian Council for Ethnic Minorities is to be transmitted to the whole world via satellite. The announcement was made by the government's secretary general Viorel Hrebenciuc at the government's sitting of 14 July, in the presence of foreign guests from similar bodies and of a delegation from the Project Ethnic Relation (PER), United States.

PER manager Alan Kassof made, on behalf of the delegation, a positive assessment of the constructive, intensive activities of the Romanian Council for Ethnic Minorities, which he intends to make known in other countries as well.

The computer is to be connected, via satellite, to an international information programme so as to stock the information in its data basis and make it available to all those concerned, and this is going to be one more proof of the transparency characterising the mode of action of the Romanian Government, Viorel Hrebenciuc said.

The Wednesday sitting debated the draft education act, the chapter on ethnic minorities, the establishment of a joint committee of the National Council for Ethnic Minorities and the National Council for the Audiovisual Media (CNA), authorised to settle the issue of radio and TV broadcasts in the languages of the ethnic minorities; the admission to the council, as observers, of the representatives of "Bratstvo"—Union of the Bulgarian Ethnics of Romania—and of the members of the "Young Generation of Romanies." The government discussed aspects related to the set-up of two standing working subcommittees, one for youth problems, and the other for researches on the gypsies' social problems, and in charge of fathoming the opportuneness of an opinion poll on the position of the majority to the ethnic minorities.

Government Condemned for Reducing Commercial Profit

AU1507073393 Bucharest ADEVARUL in Romanian 6 Jul 93 pp 1, 2

[Article by Mihai Ionescu: "Mr. Vacaroiu Secretly Signs a Decision Against Consumers"]

[Text] We have in front of us two contradictory documents. The first one is Government Decision No. 206, published in the MONITORUL OFFICIAL on 28 June 1993, according to which the commercial profit (of 30 percent so far) is no longer limited, thus prices can increase endlessly. The decision is signed by the prime minister and also by Ministers of State Florin Georgescu and Misu Negritoiu. The date when the document was signed is 7 May 1993, that is, almost two months ago. Since the time when the document was signed and up to its publication, the document was kept "secret" and no one knew about it, not even members of the cabinet who, naturally, should have consented to it previously and then should have implemented it. The fact that they did not know about it is proved by the second document which has an opposite content (we keep it in our editorial room), entitled: "List of Government's Reasons To Issue a Decision Regarding the Commercial Profit That Can Be Practiced in Foodstuff Units Catering for the Public and for Tourism," a document that was favorably approved by three ministers: those of commerce, tourism, and finance.

What is the meaning of this action that is played behind the scenes? We are quoting from the second document: "The application of free initiative by economic trade companies, without observing certain elementary norms

in the respective field, allowed the respective companies to obtain extremely large unjustified incomes to the detriment of the people. A big difference was noticed (from 100 percent to 1,000 percent) between the quota of declared commercial profit and the one practiced by the same kind of units in this field of activity. In order to ensure an adequate social protection of consumers and of those who use the respective services, it is necessary to establish a maximum commercial profit in foodstuffs units in accordance with the type of company amongst which they have been listed." Thus, the major reason to establish measures for "the social protection of consumers" is to eliminate fraudulent practices.

Nevertheless, the staff of the executive decided secretly to issue a contradictory decision. Why? Although we have not had the motives "in black and white," we understand the reason: to give in to outside pressure. And nobody denies the competence and good intentions of advisers from this side and the other side of the ocean. One thing is nevertheless overlooked, namely, no matter how correct and efficient an idea is and how well it works in practice in established market economies, it does not always "work" in an economy of transition, such as ours. One solution is constantly mentioned by some people, namely: "the market manages everything" but they forget that we do not have a true market since we do not have real competition and privatization of production. The experience of the past three years has proved—unfortunately to a great extent—that instead of balancing demand and supply, the so- called Romanian free market (in fact still a monopoly market) has led to an explosive and unjustified increase of prices and a generalization of black marketing.

Mr. Vacaroiu, do you not think that the compromise you made is questionable? It is a social cost and the broad mass of consumers will have to pay for it. The members of your own cabinet can tell you the same thing.

FDSN's Name Change Called 'Communist Maneuver'

AU1507075693 Bucharest COTIDIANUL in Romanian 12 Jul 93 p 1

[Article by Florin Gabriel Marculescu: "Socialist Democracy Taken Out of Mothballs"]

[Excerpts] A short while ago, the illusion of a possible split within the Democratic National Salvation Front [FDSN] was aired by many commentators who tried to accredit the existence of a moderate faction within the ruling party. Everything started with the voting of a law article enabling foreign investors to buy land in Romania—a solution in accordance with the goals of the market economy, which at one time enjoyed the support of a large number of FDSN members in the Chamber of Deputies, including Mr. Adrian Nastase [executive president of the Social Democracy Party of Romania]. These were the alleged "moderates," with whom the opposition hoped to reach a reasonable understanding. As is known, the so-called moderates have rapidly returned to the ideological bosom of those who "do not sell their country," and the respective law article was rejected outright. Nevertheless, this did not discourage those who praised the diplomatic tact, subtlety, and delicacy of the democrat Mr. Nastase, whose image was pampered, acclaimed, and eulogized up to the eve of the Iliescu clique's conference. Quite telling in this respect are Radu F. Alexandru's article and Mr. Adrian Severin's [leading member of the Democratic Party (National Salvation Front)] lyrical (sic!) missive, both of which were published by one of the newspapers with the largest circulation. But Mr. Nastase did not let himself be mellowed by it all and proved to everybody that he is nothing more than a refined opportunist and a devoted and scrupleless servant of the *nomenklatura*, and Mr. Iliescu in particular. He is one of the main authors of the friendship treaty with the former USSR and the sole architect of our country's disastrous policy vis-a-vis Bessarabia, since the policy of "small steps" and of "making borders symbolic" has been dictated by Moscow's interests. These are "insignificant" things which Mr. Nastase's admirers preferred to forget. Well, the FDSN conference has blown up this balloon of illusions. Mr. Nastase remained firm on the side of his political manager, Mr. Ion Iliescu, and advanced to number one and one half of the Cotroceni [Presidential Palace] party, which only changed its name. Social democracy is actually the socialist democracy, a basic concept of the years of communism, with a few Gorbachev corrections. The "new" party represents the maximum openness of the Marxist Iliescu, the undisputable number one of this communist maneuver. [passage omitted]

Of course, depending on the course of events, one cannot exclude a drastic government reshuffle and, why not, even the "sacrificing" of the current prime minister. Having rid himself of his modesty, Mr. Nastase is now prepared to take his place, since he knows how easy it is to blame the defunct FDSN, the shortsightedness of technocrats, and particularly the opposition (the eternal whipping horse of the neocommunist power) for the failures of the Vacaroiu team. In other words, nothing is new under the sun! [passage omitted]

PDAR To Retain Independence as 'Center Party'

AU1407201393 Bucharest ROMPRES in English 1757 GMT 14 Jul 93

[Text] Bucharest ROMPRES, 14/7/1993—"The Agrarian Democratic Party of Romania [PDAR] is a centre party, with a specific programme. Its merger with the Social-Democracy Party of Romania would mean a loss of identity for the PDAR while we encourage competition in the political life," said PDAR Chairman Victor Surdu at a July 14 press conference.

He mentioned that PDAR had had talks with the ruling party but "they have not reached the stage of an offer. Our party cannot be the subject of negotiations or deals. It is growing and fortifying itself, and only voters can

push us out of the political scene," opined the agrarian leader. He added that the PDAR is "being courted" by the Romanians' National Unity Party [PUNR], that its leaders had had talks equally with parties in the Democratic Convention in view of a possible alliance. PDAR local branches had consultations with the Democratic Party (National Salvation Front), added Mr. Surdu, and many members of the latter chose to enter the PDAR.

Speaking of the anticrisis programme of the Democratic Convention, the PDAR leader mentioned that "these are electoral wishes." He announced that the party he was head of had a governing programme, which was to be completed, improved by local branches.

The PDAR chairman mentioned that if asked to participate in a national union government, his party would answer in the affirmative, but it would get involved at an "operational level" in the first place. "We shall enter the government, especially if the Christian Democratic National Peasant Party goes in, which has always been in opposition, even when it was in power."

Timisoara Republican Party Rejects Merger With FDSN

AU1507082693 Bucharest ROMANIA LIBERA in Romanian 8 Jul 93 p 3

[Article by Ion Medoia: "The Republican Party Timis Branch Rejects Merger With the FDSN"]

[Text] Mr. Lorin Fortuna, president of the Republican Party Timis Branch, one of the most powerful branches in Romania, issued a press communique in which he takes a decisive stand against the merger of the Republican Party with the FDSN [Democratic National Salvation Front]. He expresses the view that the protocol concluded between the two political formations is nonstatutory, because it was not previously submitted to the Republican Party organizations in the provinces for approval. The communique also notes that: "We will not accept that those who wish to leave, should dispute the right of those who wish to stay to preserve the party whose members they are!"

Wishing to remain faithful to the principles that made the foundation for the establishment of the Republican Party and to continue to promote the political doctrine of social liberalism, the Timis Branch of the Republican Party decided to assume the responsibility for organizing, in Timisoara on 17 July 1993, a meeting to which all those who share this view are invited. Likewise, it is suggested that instead of dissolving it, the party should be split into two wings on doctrinary bases: a social-liberal one that will continue to represent the Republican Party, and a social-democratic wing that will be absorbed by the new party that is planned to be set up. The question is whether the proposal of the Timisoara branch is going to be accepted by the leaders of the two parties that hastily shook hands.... In any event, the attempts to save this party—that is valued among others also by Anghel Rugina [U.S. economist of Romanian origin]—also come from Timisoara!

UDMR Sues Mayor's Office for Decision on Symbols

AU1507094893 Bucharest ADEVARUL in Romanian 7 Jul 93 p 4

[Article by Viorel Dadulescu: "UDMR Has Sued the Mayor's Office"]

[Text] The lawsuit of the UDMR [Democratic Union of Hungarians in Romania] against the local Cluj Napoca Municipality Council, referring to Decisions 14 and 15 of 1993, which stipulate that it is forbidden to hoist flags and play anthems of other countries on the territory of the municipality except for official occasions, will be discussed next week. According to a copy of the lawsuit—released by the Press Bureau of the Mayor's Office—the grounds for the lawsuit are as follows: "In accordance with the laws in force, there is no regulation that bans the acts of hoisting flags or playing the anthems of other countries." It also said that "using the national symbols of persons who belong to national minorities are part and parcel of the values that are protected by Article 6 of the Constitution."

The UDMR's action was called by Mayor Gheorghe Funar "a strange thing." He expressed the belief that the UDMR started this action "without having been affected at all by the respective decision" and this is against the provisions of Law 29 that refers to administrative claims. Likewise, the Mayor's Office mentioned that the respective decisions were also submitted to the Cluj Prefect prior to their coming into force and the Prefect's Office, which is the body in charge of supervising the observance of legality of decisions issued by the local council, did not dispute their lawfulness.

Foreign Media Bulletin: Balkan Crisis 15 July

WA1507165493

The following is an overview of current FBIS reporting on events in the Balkans. It supplements other FBIS reporting and consists primarily of selected summaries of longer reports. For reference purposes, serial numbers of the longer reports are provided.

SUMMARY

Croats report Muslim attack on Mostar, threaten to renege on agreement allowing passage of aid convoys ... Sarajevo utilities partially restored ... UN official warns of tense situation between Croats, Krajina Serbs ... NATO reportedly to provide air cover for UNPROFOR.

MILITARY

CROATS REPORT MUSLIM ATTACK ON MOSTAR (Mostar Radio, Zagreb Radio): Bosnian Croats report "all-out attack" by Muslim forces on Croatian positions in Mostar, say Muslims "in a panic" after recent defeats near city and rumors of Bosnian Army Commander Pasalic's death. Bosnian Croat leader Boban sends letter to international organizations threatening to "reconsider" observing agreement allowing free passage to humanitarian aid convoys, since the Muslim attack demonstrates a "lack of readiness" to abide by the agreement. (LD14O7151193, LD15O7O92693)

HUMANITARIAN

SARAJEVO UTILITIES PARTIALLY RESTORED: Sarajevo Radio reports that Bosnian Serbs have "only partially restored" utility supplies to Sarajevo, despite a recent agreement to fully restore water, gas, and electricity to the city. (AU14O7121693)

UN PROTECTION FORCE

UN OFFICIAL WARNS OF CROATIA-KRAJINA TENSION (AFP): UNPROFOR official Thornberry warns that there is a "major threat" of a "new outbreak of war" between the Croatian Army and Krajina Serb forces, says that both sides are "armed to the teeth and bringing in reinforcements." The Croatian Government has announced that, beginning 18 July, it will rebuild the Maslenica Bridge and Zemunik airport, which were recaptured by the Croatian Army in January, while Krajina Serb officials have threatened to use force to prevent the reconstruction. (AU14O7132O93)

NATO TO PROVIDE AIR COVER FOR UNPROFOR (AFP): NATO official says that the organization will begin providing air cover for UN forces protecting safe havens in Bosnia sometime next week. (AU14O7194693)

NATO Reportedly To Provide Cover for UNPROFOR

AU1407194693 Paris AFP in English 1857 GMT 14 Jul 93

[Excerpts] Sarajevo, July 14 (AFP)—U.N. High Commissioner for Refugees Sadako Ogata said Wednesday her office needed another 200 million dollars to continue its work in ex-Yugoslavia, as fighting continued to rage in central Bosnia.

In Brussels, a spokesman for the North Atlantic Treaty Organisation (NATO) said the organisation was ready to provide air cover to U.N. Protection Forces (UNPROFOR) serving in Bosnia from next week.

"I'd like to have another 200 million (dollars)," said Ogata during a one-day visit to the war-torn capital of Bosnia-Herzegovina to examine her agency's troubled relief operation here.

She added that she would make a formal request in Geneva where UNHCR donor countries are due to meet Friday.

The UNHCR spends one million dollars a day in the former Yugoslavia according to Ogata, but only has 20 million dollars left.

Ogata, on her third visit to Sarajevo in less than a year, said she had made the trip to carry out a first-hand assessment of aid needs before appealing for more funds and highlight the city's plight.

"I was very, very worried by the deterioration of the situation," said Ogata, as water supplies were restored to western parts of the city for the first time in weeks under a Bosnian Government-Serb agreement.

The commissioner said she had asked Nicholas Morris, her representative in ex-Yugoslavia, to meet Serb leaders in a bid to persuade them to allow three tanker trucks into Sarajevo which have been blocked at the airport for 10 days.

Ogata, who later toured the city's main hospital, and spoke to some of the wounded, said she would be "demanding that they (the Serbs) cooperate." [passage omitted]

NATO ambassadors in Brussels were told Wednesday that aircraft deployment had started Tuesday, he said. Britain, France, the Netherlands and the United States have said they will provide some 60 warplanes for the protection of UNPROFOR troops in the six U.N.-declared safe areas in Bosnia.

The planes will be used in the event of attacks on UNPROFOR troops defending Sarajevo, Bihac, Srebrenica, Zepa, Tuzla and Gorazde.

U.N. Secretary General Butrus Butrus-Ghali will be informed later this week that NATO is ready to start operations, the spokesman said, adding that the world body would have to give its blessing to the action before flights can start.

Serb Republic To Continue Cooperation With UNHCR

LD1407203693 Belgrade TANJUG in English 1523 GMT 14 Jul 93

[Text] Geneva, July 14 (TANJUG)—At the negotiations of the international conference on the former Yugoslavia, a delegation of the Bosnian Serb republic has requested from the United Nations High Commissioner for Refugees (UNHCR) Sadako Ogata, to take part in the work of a working group dealing with humanitarian issues.

A letter addressed to Sadako Ogata by the Bosnian Serb Republic's delegation in Geneva emphasizes readiness to continue cooperation with the UNHCR and requests that representatives of the Serb Republic in Bosnia be invited to the session of this working group in Geneva on July 16.

At the same time, the Bosnian Serb Republic denied responsibility for the difficulties the UNHCR was encountering on its mission in the former Yugoslav republic of Bosnia-Herzegovina and recalled that hundreds of humanitarian convoys had a free passage through the territory of the Bosnian Serb Republic during the past 14 months.

UN High Commissioner for Refugees Arrives in Sarajevo

AU1407095093 Paris AFP in English 0929 GMT 14 Jul 93

[Text] Sarajevo, July 14 (AFP)—U.N. High Commissioner for Refugees Sadako Ogata arrived in the war-torn Bosnian capital Sarajevo Wednesday [14 July] and was to visit a hospital and refugee center before leaving the city in the late afternoon.

The commander of U.N. peacekeeping troops in Bosnia-Hercegovina, Belgian General Francis Briquemont, met Ogata when she arrived at the airport.

It is her third visit to Sarajevo in less than a year. The Commissioner made similar trips in February and last August.

Izetbegovic Meets With Ogata

AU1407164693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 14 Jul 93

[Nada Rajkovic report on talks between Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, and UN High Commissioner for Refugees Sadako Ogata in Sarajevo on 14 July—recorded]

[Text] [Rajkovic] After holding talks, Alija Izetbegovic of the Bosnia-Herzegovina Presidency told reporters that

[words indistinct] in Geneva a meeting with the donors of the humanitarian aid, at the insistence of Mrs. Sadako [Ogata]. The talks will cover the collection of funds for the continuation of the UNHCR [Office of the UN High Commissioner for Refugees] mission, Izetbegovic said and added:

[Izetbegovic] We will [words indistinct] and a lot has been done. Our people perhaps do not know and see that, but the food [word indistinct] that we got last winter, the medicine, it all came from there. Of course, not only from there, as a part [words indistinct]. We requested that the convoys in future be more effectively protected than has been the case so far. These are small objections to the mandate of the UNPROFOR [UN Protection Force] here. They told us of course that it is not the UNHCR's fault that the convoys are not getting through to where they are sent, it is more a question of the limitations of the mandate [words indistinct]. We spoke of the opening of [Tuzla's] Dubrave Airport, and Mrs. Ogata says that she believes there is a good chance that it will be open soon [words indistinct] the transport of our wounded from Sarajevo [words indistinct] seriously wounded, who need to be helped abroad, who need rehabilitation, treatment abroad.

[words indistinct] who knows the situation, said there was a chance of solving the issue of [word indistinct] and that efforts will continue to that effect. Then we requested that not only the UNHCR convoys be protected, but also convoys of other humanitarian organizations. It is a well-known fact that there is food in the Adriatic ports in Croatia now [words indistinct], that there is a lot of food waiting, food that does not belong to the UNHCR, but which cannot get here as there is no protection for it.

She says that she has arrived in Sarajevo [pauses] that (?the situation is critical in Sarajevo). She has been informed about our difficult situation when it comes to [word indistinct], fuel, and water. She has been in touch with UNPROFOR here, and she will probably have contacts with the other side, and will insist on the normalization of that. These were very concrete talks, we covered many concrete issues, in other words, the mission will continue. They are already thinking about next winter, which we hope we will be greeting in peacetime, but we will have serious humanitarian problems even if there is peace. As you know, we are trying to [words indistinct] to reach a political agreement, but even if such an agreement is reached, the humanitarian problems will remain [words indistinct] medicine, fuel, and so on. So we are covered on that part, and it will probably be a successful solution.

[Rajkovic] Sadako Ogata also held talks with Bakir Alispahic, the Bosnia-Herzegovina minister for internal affairs. Then she made the following statement to reporters:

[Ogata speaking in English with superimposed Serbo-Croatian translation] We have held very useful talks [words indistinct] the meeting with the president [words indistinct] We share a common concern and that is the importance of the humanitarian mission and [words indistinct]. I have told the president that we will do all we can to [passage indistinct]. We will do all we can to get financial help and other help, too [words indistinct] to prepare for the winter [words indistinct].

Croats Reconsidering Aid-Convoy Agreement

LD1407151193 Mostar Croatian Radio Herceg-Bosna in Serbo-Croatian 1400 GMT 14 Jul 93

[Text] The president of the Croatian Defense Council (HVO) of the Croatian Community of Herceg-Bosna sent a letter today to the government of the Republic of Croatia, the Muslim government in Sarajevo, international humanitarian organizations, the High Commission for Refugees, the International Red Cross and the UNPROFOR [United Nations Protection Force] command—therefore, to everyone whose representatives attended the recent meeting in Makarska (at which the Muslims and Croats agreed to provide safe passage for humanitarian convoys). The letter reads:

Dear Sirs, the HVO of the Croatian Community of Herceg-Bosna approved the proposed conditions of providing unhindered passage for humanitarian aid convoys fully believing in honest intentions of the participants in the meeting held on 9 and 10 July this year in Makarska. We signed the proposed text ready and determined to implement it in a consistent fashion.

However, yesterday's attack by Muslim forces on the wider area of the Mostar and Capljina municipalities—including the Mostar-Capljina road which is the point of departure for the only corridor from Ploce (on the Croatian coastline) to the hinterland of Bosnia-Herzegovina—clearly speaks about the lack of readiness on the part of the Muslim side to observe the signed agreement. That attack was not a provocation, but a minutely prepared military action whose aim was to take control of the area inhabited by Croats for thousands of years and to obliterate the HVO from that area.

Since many civilians and HVO soldiers were killed in this perfidious attack, and many people had to flee, we want to inform you that such actions by the other signatory forces us to reconsider our obligations concerning the signed agreement. We are ready to make our full contribution to improve the living conditions of the suffering population in all parts of Bosnia-Herzegovina by securing the passage of humanitarian aid convoys in the territory of the Croatian Community of Herceg-Bosna, which the world expects of all of us. However, we expect the same from the other signatory.

Presidency Members Detail Plan to Assembly Deputies

AU1407165293 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 14 Jul 93

[Text] Bosnia-Herzegovina Presidency members Tatjana Ljuic-Mijatovic and Miro Lasic and [words indistinct] group, Dr. [word indistinct] informed today the Bosnia-Herzegovina Assembly deputies, who are in Sarajevo, about the Presidency's views concerning (?the Bosnia-Herzegovina plan) for the organization of Bosnia-Herzegovina.

The deputies were told that there was a proposal to have the federation consist of 10 federal units, or three federal units with three provinces each, although they would not have territorial continuity, ethnic character, or an ethnic name. If this idea is accepted, the Vance-Owen plan map would be implemented.

The Upper House would be formed with the appointment of representatives of federal units while the Lower House of the Assembly would be formed at general secret elections. The Constitution would allow the right to self-determination to the point of secession if both houses of the Federal Assembly voted for it with a two thirds majority, and the majority of the people accepted it at a referendum. It was proposed that the transitional regulations and the peace agreement should be taken from the Vance-Owen plan.

The deputies of the Croatian Democratic Community [HDZ] and the Croatian Peasants' Party [HSS] demanded that the negotiations begin as soon as possible, and that the Presidency members tour the ground and first reach a cessation to the hostilities between the Bosnia-Herzegovina Army and the Croatian Defense Council. Another demand was that the Presidency act as a united team and coordinate its views so as not to create public confusion. A proposal was put forward that the Presidency organize a group of experts for economic issues as the functioning of large economic systems and the infrastructure, and the question of ownership and other issues in the socioeconomic field. [sentence as heard]

After all the criticism by HDZ and HSS deputies directed at Radio Television Bosnia-Herzegovina, a decision was reached to invite the Radio Television Bosnia-Herzegovina director to the next session, where the current military situation in the country would be reviewed.

Karadzic: All Sides 'Losers,' Solution Imminent

AU1407154593 Belgrade NEDELJNA BORBA in Serbo-Croatian 10-11 Jul 93 p 8

[Report by G. Katic: "We Will Provide Qualitative Living Space for the Muslims"]

[Text] Belgrade—"The international community stands firmly by its position that three states must be created in Bosnia which can agree on their own as to the degree of mutual integration. In this sense, we, the Serbs from Bosnia-Herzegovina, are working very seriously to provide a qualitative living space for the Muslims. We really have nothing against Islam, what we are opposed to is any sort of domination over the Serbs by anyone. Everything that has happened in this war comes as a result of the departure from the Lisbon conference and the attempt of the Muslim leadership to dominate over the entire Bosnia-Herzegovina. Because of its nature, Bosnia could not have had seceded from Yugoslavia, the way Slovenia did. Bosnia-Herzegovina has suffered a catastrophe because of attempts to transform the Serbian national unity into an ethnic minority," said leader of the Bosnian Serbs Radovan Karadzic yesterday, right before his departure from Belgrade to Pale.

"I believe that we are now very close to a solution. The Muslims will definitely get more than 25 percent of the territory, and taking into account the value of this territory, it will amount to approximately 50 percent. Also, I have heard," Karadzic further said, "that Mr. Izetbegovic stated grudgingly that the alternative to the confederation was a long and exhausting war. I personally believe that the Muslims should not be dissatisfied. They are not the losers. We are all losers because we all went through a terrible war. Regarding the state and national interests, the Muslims are not losers in comparison with the Serbs and the Croats. They will get their territory, a very developed territory. The territory on which more than 2.1 million people have lived before, and where—now that the Serbs and the Croats have left—1.2 million of Muslims will gain their living space. If they approach the negotiations and map signing immediately, the Muslims will not be the losers."

Karadzic said that in the talks with Owen and Stoltenberg the night before last they discussed which territories should belong to whom. "The actual talks however, will only take place between the warring sides. The majority of, that is, nearly all of the Serbian territories will go to the Serbs. We will facilitate the return to the Muslims of all the territories currently on Serbian Republic territory, to match this percentage. Everything is still up in the air, but I expect that the Croats will get 25 percent of the territory and the Muslims over 25 percent of the territory," Karadzic said. "The issue of Sarajevo will be resolved in direct talks with the Muslims, however, we do have the right to a part of Sarajevo. We are willing to leave the town to the Muslims while we would build our town parallel to it, in Ilidza, Vogosca, Lukavica, and Hrasnica. These would be two neighboring towns touching each other."

Karadzic praised Stoltenberg and Owen by saying that they behaved like true mediators and did not arrive with the final solutions that they would try to impose.

Regarding the overcoming of differences with the Serbian authorities, Karadzic says that certain political differences existed with the Vance-Owen plan, but these differences were resolved once it was agreed that instead

of this plan, a Vance-Owen process could exist. "The differences in the views did not take into account the intensity of personal and psychological characteristics that would lead to the divisions within the Serbian nation. These divisions have been avoided," Karadzic concluded.

Muslims Split Into Rival Abdic, Izetbegovic Camps

LD1407222893 Belgrade TANJUG in English 1926 GMT 14 Jul 93

[Text] Bihac, July 14 (TANJUG)—Conflicts in the region of Cazin Krajina between followers of Moslem leaders Fikret Abdic and Alija Izetbegovic are becoming more expressed, and, the way things now stand, they might soon clash heavily in that Moslem enclave in northwestern Bosnia.

Moslem radio said that the ruling Moslem Party of Democratic Action (SDA) in the town of Bihac was divided into two currents, and that there had also been fierce conflicts and divisions among the police force. (?A follower of) Abdic is now heading the police force and the municipal authorities, the radio said.

Izetbegovic's followers have been banished also from the Moslem part of the municipality of Bosanska Krupa, and the situation is tense also in the other two municipalities of that enclave—Cazin and Velika Kladusa, the radio said.

Abdic's faction is estimated to be gaining support among the Moslem masses, while Izetbegovic's is losing support. Abdic has the biggest political support in Cazin Krajina of which he is a native. He enjoyed the support of Moslems in that region even before the outbreak of the civil war in Bosnia-Herzegovina, but also in other regions. At the first free elections in Bosnia-Herzegovina in 1990, Abdic was the Moslem candidate with the biggest number of votes, but he gave up the office of Bosnia-Herzegovina Presidency president to Izetbegovic for political-party reasons.

Izetbegovic advocates a unitary Bosnia-Herzegovina in which Moslems would dominate as the majority population, while Abdic is (?estimated) as more flexible and more willing to see peace come to this former Yugoslav republic through talks with the leaders of the other two warring sides.

Muslims Launch 'All-Out' Attack on Mostar

LD1507092693 Zagreb Radio Croatia Network in Serbo-Croatian 0800 GMT 15 Jul 93

[Report by Zdenko Vranjes]

[Text] Following defeats that they suffered recently on the southern part of the Mostar battlefield, early this morning Muslim units launched an all-out attack on Croatian Defense Council [HVO] units along the entire Mostar battlefield. Fierce fighting is in progress in the city and its northern and southern approaches. Shell explosions are echoing and infantry weapons can be heard. HVO units have been effective in their response to this morning's attack, and according to the HVO military sources, Muslims are in a panic after yesterday's defeat and this morning's fierce response by the HVO. One of the reasons for the panic is also an unofficial report of the death of their commander Arif Pasalic [commander of the Mostar-based 4th Corps of the Bosnia-Herzegovina Army] published by Belgrade media last night.

UN Troops Banned

AU1507094093 Paris AFP in English 0932 GMT 15 Jul 93

[Text] Zagreb, July 15 (AFP)—Bosnian Muslim forces launched a new offensive in the Mostar region, in the south of Bosnia-Herzegovina, at dawn Thursday [15 July], Croat military sources said.

The sources, contacted from Zagreb by telephone, said heavy artillery duels were taking place around the villages of Gnojnice, Blagaj and Buna, around 10 kilometres (six miles) south of the town which the Croats have declared as the capital of their self-proclaimed republic of Herceg-Bosna.

The villages were recaptured by Croat army forces Wednesday after falling to the mainly-Muslim Bosnian army early Tuesday. They dominate the vital road link between Mostar and the Adriatic coast.

U.N. Protection Force sources in Zagreb confirmed the reports of fighting south of Mostar but were unable to give details, U.N. troops having been banned from the region by both sides in the fighting.

UNPROFOR said the town of Konjic, north of Mostar, came under Serb artillery fire early Thursday, and that the situation was tense on other fronts in Bosnia-Herzegovina.

Muslims Lift Croatian Blockade

LD1407215293 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 14 Jul 93

[Text] In a statement issued this evening, the command of the 4th Corps of the Bosnia-Herzegovina Army said that fierce fighting took place throughout the day in the southern part of Mostar municipality and on the Dubrava plateau. The Bosnia-Herzegovina Army's 48th Hill Brigade and the newly formed Dubrava unit fought against units of the pro-ustasha Croat Defense Council and the Croatian Army.

After a two-month total blockade of Blagaj, Dracevice, Gnojnice and other residential areas in the southern part of Mostar municipality, and after unprecedented fascist torture to which the population of Stolac and the Dubrava plateau were subjected, units of the 48th Hill Brigade succeeded in lifting the blockade. Our units cut

the Masline-Stolac road and destroyed the road near Domanovici and Bivolje Brdo, where the enemy suffered considerable losses. The Dubrava unit was also successful, inflicting losses on the enemy in the Bivolje Brdo, Lijeska, Stanojevici, and Trijebnje areas.

Bosnia-Herzegovina Army units were successful, but what is even more important is that the people of Dubrava have awakened and have joined the newly formed Dubrava unit in large numbers. They were immediately engaged in combat activities to protect their villages and the entire territory of our homeland.

'Inferno' in Gradacac; HVO 'Terror' in Mostar

AU1407192793

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 1700 GMT on 14 July carries in its regular 33-minute newscast several reports on fighting in the republic.

The Gradacac Information Center reports that "the inferno continues. The Serbian-Montenegrin aggressor and the local chetniks have been pounding every inch of the free territory since 1100 this morning. Our entire defense line has been under attack. They are using five tanks, 82-mm and 120-mm mortars, recoilless and hill guns, and 122-mm and 155-mm howitzers. Over 1,500 shells must have landed on Gradacac by now. There have been constant attempts at an infantry breakthrough in the region of Sibovac and the industrial zone. Fierce clashes are underway as we report. Long-range howitzers are pounding the town. This afternoon has been one of the worst in this year of war."

Seven South Operative Group reports from Maglaj that "the heaviest artillery has again been pulverizing this town, and a number of civilians have been killed. The aggressor is killing in a cowardly way, from a distance. Even though the aggressor is losing men in every infantry attack attempt, he is not giving up. The aggressor and war criminal Colonel Artic has been adding to his long list of crimes by shelling the hospital and the emergency centers over the last couple of days."

Reporting from Brcko, Hamiz Deronjic says that "the aggressor's heavy artillery and tanks have been shelling the civilian targets on the free territory. This morning tanks from Ulica, Lukici, and Grbavica pounded Brod, and [word indistinct], while between 1300 and 1330 the aggressor used 155-mm howitzers against civilian targets."

The 4th Motorized Brigade reports from Ilidza that "the chetniks have today shelled in a cowardly fashion the civilian targets in Hrasnica, Butmir, and Sokolovici. This morning at 0830 the chetniks fired two howitzer shells, announcing yet another hard day for the people of Ilidza. The artillery attacks continued throughout the day with some 20 howitzer and tank shells landing on these parts of the free territory."

Smajl Klaric, president of the Mostar War Presidency says on a poor telephone line that "the unbearable ease with which the world accepts the fact that some 10,000 Muslims are kept at the Mostar heliport has forced me again to appeal on behalf of these suffering people for their release. These people are exposed to horrific terror by the Croatian Defense Council [HVO] pro-ustasha fighters. Women are raped, and many have been killed for putting up any kind of resistance. Those the HVO criminals have expelled to the free part of the city under Bosnia-Herzegovina Army control are considered the lucky ones, and there have been 7,000 of those so far." He says that "the crimes against Muslims have intensified after the recent HVO military defeats and their expulsion of UNPROFOR and the European observers, as they were impartial witnesses. Several thousand Muslim men are kept in concentration camps in the (?Stolac) iron works and the Capljina barracks. Entire families have been murdered. Witnesses who escaped claim that the ustasha have murdered in the infamous (?Sumaci) pit 22 members of the Osmanovic family, among whom there were 12 children between 1 and 20 years of age." He appeals for food as "the number of people of Mostar, whose number in the part of the city under the Bosnia-Herzegovina Army control has risen to about 40,000 with the influx of refugees."

Podgora, Zepce Under Muslim Attack

LD1407145393 Mostar Croatian Radio Herceg-Bosna in Serbo-Croatian 1400 GMT 14 Jul 93

[Text] There was no major fighting in most parts of Fojnica, Kresevo, and Kiseljak last night and this morning. However, the village of Podgora near Fojnica did not share that fate. Muslim forces are pounding the village with tanks. One civilian was killed and three were wounded. Muslim artillery opened sporadic fire on Nova Bila and Busovaca near Vitez. Considerable damage was caused and one person was killed.

Croatian Defense Council [HVO] military sources have also reported that in the fighting against the Muslim army, HVO forces pushed defense lines forward by one kilometer near Zavidovici.

Battles in villages around Zepce are still raging.

Bosnian Army Reports Situation on the Battlefields

AU1507091793 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 15 Jul 93

[Report by the Press Center of the Bosnia-Herzegovina Army]

[Text] In the course of the last 24 hours the aggressor continued with offensive activities on the broader territory of our Republic, the Press Center of the Bosnia-Herzegovina Army reports. Just as the day before, the zone of the responsibility of the Second Corps was the

scene of the fiercest combat. On the Gradacac battlefield, the enemy's artillery attacked Krcevine, Bandera, Bagdale, and Sibovac with 82-mm and 120-mm mortars, firing 60 bombs, while they attacked the defense lines in Ukici and Huskici with artillery. The aggressor attacked the positions in the region of Vide, Pozarike, and Sibovac with tanks. The attempted infantry attack in the region of Sibovac and the industrial zone, which was supported by tanks and mortars, was easily resisted. A 155-mm howitzer in Blazevo was firing at Bosanska Bijela. The lines of defense in Trstenice were attacked sporadically by antiaircraft machine guns and antiaircraft guns, while the region of Ostrice and Prijevor was attacked with artillery. There were also infantry arms' provocations in the region of Skrs and Mujici.

In the zone of responsibility of the South Doboj Operative Group, the united troops of the chetniks and the 111th Zepce Brigade of the Croatian Defense Council [HVO] have been attacking, supported by strong artillery forces. The artillery attacks at Maglaj and Tesanj from the direction of Stanovi and Paklenice in Mount Ozren also continue.

In the zone of responsibility of the Third Corps, the chetniks in the region of Paljanik fired with VIS [expansion unknown] at Vlaska Gromilja and with mortars at Ljuta Gora. With antiaircraft machine guns and antiaircraft guns, they attacked the region of Paklarevo, that is to say, Turbe. The aggressor sporadically attacked all defense lines, civilian installations, and the Visoko-(?Buci) communications route. The areas of Visnjica, [word indistinct), (?Jasenac), Likovac, Vrbovik, Plane, Vratnica, and the Kralup battlefield were shelled unexpectedly on several occasions. [passage indistinct] snipers and 60-mm mortars at the positions in (?Kravice).

There have been fierce battles throughout the battlefield of Fojnice. The greatest intensity of combat was noted in the region of Malkoc, along the Fojnica River, and on the lines of [word indistinct]. The fighters of the Bosnia-Herzegovina Army are scoring considerable successes on this battlefield. Ten HVO extremist were liquidated in yesterday's battles.

In the broader Zavidovici area, indiscriminate fire from all arms was being opened at the settled areas throughout the day. The aggressor is fortifying its positions by using the civilians as a live barrier.

In the zone of responsibility of the First Corps the enemy was especially active on the Sarajevo battlefield. The chetniks shelled the positions of the town's defenders as well as all [words indistinct] are irregular intervals by artillery and tanks. Small arms' fire was also noted on all lines of defense.

In the zone of responsibility of the Igman Operative Group, the chetniks undertook infantry and tank attacks [word indistinct] artillery, is written in the statement by Press Center of the Bosnia-Herzegovina Army.

Roundup of Muslim Attacks on Bosnian Serb Positions

LD1407203593 Belgrade TANJUG in English 1819 GMT 14 Jul 93

[Text] Banja Luka, July 14 (TANJUG)—Moslem forces on Wednesday [14 July] opened mortar fire at the centers of Doboj and Teslic, two neighbouring towns in northern Bosnia, and at several smaller towns in the vicinity, Bosnian Serb military sources said.

After several days of quiet, Moslems on Tuesday also shelled Serb positions near Srbobran (former Donji Vakuf), in central Bosnia, but there were no serious effects of these attacks, said the Press Center of the First Krajina Corps of the Bosnian Serb Army.

Moslems continued their offensive in the territory of Trebava, but it was crushed and the Moslem formations suffered substantial losses and were pushed back to their starting positions, the source said.

The Krajina Corps also observed grouping of Moslem formations along the Bugojno-Krusac direction and in the region of Ravno Rostovo in central Bosnia.

Moslem forces southwest of Brcko on Monday evening once more attempted an infantry attack on Serb positions on the outskirts of this town in northern Bosnia. The town of Brcko is on the corridor which links western parts of Bosnian Serb territories with those in eastern Bosnia and the Federal Republic of Yugoslavia.

During the night, Moslem units continued strong attacks using mortars and light weaponry along the southern line of the Brcko front, but the Serb side did not answer these provocations.

A nearby Serb village came under mortar fire during the night from the direction of Croat-controlled Orasje, west of Brcko, but the attack ceased when Serb units returned fire. However, occasional mortar and light weaponry attacks continued on Tuesday morning.

Moslem attacks continued along the entire 80-km front-line around Bihac on Tuesday, Bosnian Serb military sources said.

The Moslems used mortars of different caliber and their infantry units. The Bosnian Serb side did not suffer any losses and did not return fire.

Gorazde Muslims Attack Serb Positions

LD1407225393 Belgrade TANJUG in English 2210 GMT 14 Jul 93

[Text] Trebinje, July 14 (TANJUG)—Moslem forces Wednesday [14 July] opened from the Moslem east Bosnian enclave of Gorazde artillery and anti-aircraft arms fire throughout the day on the Serb positions in the areas of the towns of Foca and Cajnice, the Bosnian Serb military sources said Wednesday night.

These sources said Serb fighters continued pushing back the dispersed Moslem forces in the areas of Trnovo and Grebak.

The Bosnian Serb forces liberated Sunday the town of Trnovo and the strategically important Rogoj pass cutting in this way the corridor which was used to send arms and equipment to Gorazde Moslems. The Moslem forces have from Trnovo, some 30 kilometers south from Sarajevo, been pushed towards mt Igman.

Following the interruption of the corridor, as Serb military sources said, the Moslem forces in Gorazde are in a very bad way.

Bosnian Serb Army Commander Gen. Ratko Mladic said Wednesday Moslem civilians and wounded from Gorazde would be enabled evacuation and treatment in Serb hospitals, but that they must first exchange and release the imprisoned Serb civilians.

The clashes between the Croats and Moslems in the Neretva River valley, in the Herzegovina region, continued unabated also on Wednesday, according to the Serb military sources. There was especially heavy fighting in the southern section of the Mostar plane in the area of Buna and Hodbina, as well as in the area of the Dubravske Visoravni heights and the town of Stolac.

Bosnian Army Prepared To Repel Attacks on Sarajevo

LD1407224893 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2000 GMT 14 Jul 93

[Text] Fear is growing among the citizens of Sarajevo, possibly because of bad news from the Trnovo battlefield and even more likely because of enemy propaganda and activities of the fifth column in the city. Some citizens of Sarajevo suburbs are even leaving their homes worried that chetniks might enter the city.

The command of the First Corps of the Bosnia-Herzegovina Army calls on the inhabitants of Sarajevo to stay in their houses and apartments and to help preventing the panic from spreading. There is no reason for panic and fear that chetniks will break through the defense line around the capital of Bosnia-Herzegovina. The command of the First Corps is constantly among the troops, the defense line is firm enough and the defenders are ready to repel all attempts of a breakthrough, the information service of the First Corps reported.

The inhabitants of Sarajevo can help their defenders, Bosnia-Herzegovina Army soldiers, by trying to recognize and prevent the activities of the fifth column, which is trying to create panic and disarray in the city.

We repeat once again: The defenders are ready to repell every chetnik attack and the citizens should be responsible for discipline in their own ranks.

Sarajevo Utilities 'Partially' Restored

AU1407121693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 14 Jul 93

[Text] The aggressor Serbian side only partially fulfilled the agreement concerning the restoration of supplies of electricity, water, and gas to Sarajevo, Major Nikola Stuber [name as heard] reported at the regular news conference in the Sarajevo headquarters of the UN Protection Force today. [Words indistinct] the agreement reached, send three megawatts of electricity to [word indistinct]. As a result, a certain quantity of water was released to the town from the Bacevo springs. However, the aggressor still has not opened gas pipes in Butine. According to Major Stuber, the representatives of the UN Protection Force will immediately contact the representatives of the aggressor so that this part of the agreement can be realized, too.

The other part of repair works on the damaged (?Reljevo)-Buca Potok transmission lines will be carried out by the end of this week on the condition that the aggressor's side fully complies with the agreement reached.

Gas Restored

AU1507092693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 15 Jul 93

[Excerpt] We have been informed, by Sarajevans, that the supply of natural gas to the town was restored at 0930 this morning. The pressure in the pipes is increasing gradually, and it is expected that a regular distribution to all parts of the town will soon be established. [passage omitted]

Sarajevo Still Without Electricity

AU1507121093 Paris AFP in English 1149 GMT 15 Jul 93

[By Olivier Baube]

[Text] Sarajevo, July 15 (AFP)—Bosnian Serbs restored gas supplies to Sarajevo Thursday [15 July] after long arguments with their Moslem foes that threatened to scuttle an agreement to reconnect utilities in the beleaguered city.

Commander Nicolas Studer, the chief engineer with the U.N. Protection Force (UNPROFOR) in Sarajevo, said after back and forth discussions Wednesday evening and Thursday, that the first phase of the agreement signed by both Moslem and Serb leaders, was finally completed.

The Bosnian capital, however, remains without electricity, which was cut off along with water and gas on June 21 due to fierce fighting that damaged power lines and water pumping stations, and hampered repair efforts.

The agreement signed last Monday calls for each side to allow for repairs on power lines or stations and water pumping stations located in areas under their control.

The accord also "guarantees the safety of the UNPROFOR whilst they are on repair missions."

Water began flowing in western parts of the city Wednesday morning while gas was restored in all the capital overnight, Studer said.

The Serbs had claimed Wednesday that they couldn't live up to their end of the deal because they were having "technical difficulties" in restoring gas.

They made matters worse Wednesday evening by cutting off water, restored only a few hours earlier, to western parts of the city by claiming they were also having "technical difficulties" with a water pumping station.

The Moslems then retaliated by cutting off electricity to outlying districts under Serb control.

Within hours the Serbs' "technical difficulties" had been dealt with and both sides honored the agreement, Suder said.

Sarajevo's residents seemed to be heaving a collective sigh of relief Thursday at having gas to boil water and cook food. On the city's west side plastic jugs used daily to transport water had all but disappeared.

The residents are heavily dependent on water and gas as most of their diet consists of starchy foods—rice, beans and pasta—donated by the U.N.

Studer said that fulfilling the second phase of the agreement may prove to be more difficult.

That phase entails restoring electricity to all of Sarajevo and repairing power lines coming from Serbia proper, which would enable the Serbs to resume production at a munitions plant producing mortar and artillery shells.

He said he expected the plant to be the major stumbling block between the Moslems and the Serbs.

Muslims Launch Fresh Attack on Doboj

LD1407200693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1800 GMT 14 July 1993

[Text] Doboj, 14 Jul (TANJUG)—Muslim forces launched a mortar attack on Doboj [town held by Serbs] at around 1900 this evening.

A general alert was sounded in Doboj. The population is in shelters, as during numerous previous artillery attacks.

There are still no reports on the consequences of the latest Muslim attacks.

Three Army Planes Reportedly Attack Serb Areas

LD1407110493 Belgrade TANJUG Domestic Service in Serbo-Croatian 0942 GMT 14 Jul 93

[Text] Bratunac, 14 Jul (TANJUG)—Three aircraft, which are presumed to belong to the Bosnia-Herzegovina Army, have bombarded a large area of Olovo in the Serb republic [of Bosnia-Herzegovina], representatives of the General Staff of the army of the Serb republic announced today.

Yesterday these aircraft flew the Tuzla-Kakanj-Olovo route; their lethal cargo consisted of dozens of kilos of explosives that were dropped in sacks. There were no casualties on the Serb side, but there was considerable damage.

The General Staff of the army of the Serb republic said the first attack took place around 1030 while the second one was recorded at 1410.

The aircraft were painted white with a blue stripe down the middle; the Serb antiaircraft defense did not open fire although the aircraft were within range of their weapons.

The color of the aircraft caused confusion because on first sight they looked like UN Protection Force [UNPROFOR] aircraft; they are presumed to have taken off from Dubrave airfield near Tuzla.

The General Staff of the army of the Serb republic today lodged a sharp protest with the UNPROFOR command because this represented a violation of the UN Security Council no-fly zone resolution.

Tuzla Under Serb Attack

LD1407142393 Mostar Croatian Radio Herceg-Bosna in Serbo-Croatian 1400 GMT 14 Jul 93

[Text] The Serbs have attacked Tuzla. Attacking for the second time over the past few days, the Serb army opened fire on the center of Tuzla from their stronghold on Mt. Ozren. One child was killed in the attack, while six people sustained light or serious injuries.

Krajina Serbs Warn of Impending Conflict

LD1507121393 Belgrade TANJUG Domestic Service in Serbo-Croatian 0853 GMT 15 Jul 93

[Text] Belgrade, 15 Jul (TANJUG)—In connection with the announced "ceremonial opening of the Maslenica bridge," the republic of Serb Krajina [RSK] has called on UN Secretary General Butrus-Ghali and UN Security Council Chairman David Haney "not to succumb to the tearful stories of the clique in Zagreb" and "not to allow the international community to be dragged into yet another of Croatia's lies" that could lead to a fresh military conflict in this region of the former Yugoslavia.

A letter from Dusan Starevic, chairman of the RSK state committee for relations with the UN Protection Force, to Butrus-Ghali and Haney particularly stresses that "this is the last appeal to prevent the war" because unless "the evil is halted in its beginning," the Serbs in Krajina will "defend every inch of their country."

The letter explains that Croatia's "logic" concerning the planned opening of the new bridge near Maslenica "is very simple: If it fails, the Serbs will be guilty because they do not observe UN Resolution 847. If it succeeds, the ruling set in Zagreb will score a fresh victory."

Dusan Starevic warned the UN secretary general and the chairman of the Security Council that this is a case of "unprecedented cheating of the international community" by Croatia, and recalled that the RSK has offered talks on the Maslenica bridge, the pipeline, and the Peruca dam, which Croatia rejected because "it seems doomed to the war option."

Two Sides 'Armed to the Teeth'

AU1407132093 Paris AFP in English 1305 GMT 14 Jun 93

[Text] Belgrade, July 14 (AFP)— U.N. official Cedric Thornberry warned Wednesday [14 July] that there was a major threat of a new outbreak of war in Croatia between the Croatian army and Serb separatists in the republic's Krajina region.

He told a press conference here that the two sides were armed to the teeth and bringing in reinforcements.

Thornberry, who is the top civilian director for the U.N. Protection Force in former Yugoslavia (UNPROFOR), said U.N. officials were trying to defuse the tension and encourage an agreement.

Russian presidential envoy Vitaly Churkin is due to visit Krajina on Friday in an attempt to renew dialogue between the Serb secessionists and Croatian officials, after a similar E.C.-U.N. mission earlier this week, a Russian diplomatic source in Zagreb said.

Tension rose sharply after Croatian authorities announced they would reopen this weekend two strategic facilities they recaptured from Krajina separatists in an offensive last January—the Zadar-Zemunik airport and the bridge at Maslenica that links northern Croatia to its southern Dalamation coast. The original bridge was destroyed in the fighting this winter, and the new one will be a floating bridge.

The two facilities are due to open on Sunday but both are within range of Serb artillery, which on Tuesday launched two attacks against Zemunik and Maslenica, according to Croatian military sources.

Croatian Foreign Minister Mate Granic warned afterwards that Croatia "reserves the right to decide how to riposte" if the Serbs attack.

Churkin, who is Russian deputy foreign minister, will stop in Zagreb, Sarajevo and Belgrade, as well as in Knin, the main city in the self-proclaimed Serb Republic of Krajina which occupies one-quarter of Croatian territory.

Krajina hardliners have threatened to use force to prevent Croatia from reusing Zadar airport or the Maslenica bridge if Croatian forces do not withdraw from positions they took over in the January offensive. They stress the pullback was called for in Security Council Resolution 802 passed on January 26, which also demanded that the Serbs place their weapons under UNPROFOR control.

Krajina officials up to now have rejected Zagreb's proposals of autonomy for Serb-majority regions of Croatia.

Churkin tried unsuccessfully last May to mediate a solution between the two sides.

His mission follows one by Geert Ahrens of the European Community and Knut Vollebaek of the United Nations, deputies to peace negotiators Lord Owen and Thorvald Stoltenberg.

Ahrens and Vollebaek met Tuesday with officials in Zagreb, and were to head Wednesday to Belgrade and to Erdut, a Serb-controlled enclave in eastern Croatia and the fiefdom of Goran Hadzic, the president of the Serb Republic of Krajina.

Vollebaek expressed concern on Zagreb television late Tuesday about the opening of the Maslenica bridge "without agreement from the Serb side", and urged both sides to refrain from any use of force.

Croats Attack Obrovac Near Maslenica Bridge

LD1407200993 Belgrade TANJUG Domestic Service in Serbo-Croatian 1638 GMT 14 Jul 93

[Text] Obrovac, 14 Jul (TANJUG)—Croatian forces began a new artillery attack in the northern part of the Dalmatian battlefield, in the operational zone of the Obrovac Brigade, at 1230 [1030 GMT] today.

From their strongholds in Jesenice and from Mount Velebit they fired on areas on the outskirts of Obrovac, Karin, Muskovac, and Baljac [near Maslenica bridge,

due to reopen on 18 July] from multiple rocket launchers, tanks, and other artillery weapons.

Residential areas were again the only targets, and significant damage was inflicted. There were no casualties, the statement by the Obrovac Brigade command headquarter says.

The general alert is still in force in and around the town of Obrovac and its citizens are in shelters.

UN's Thornberry on Maslenica Bridge Issue

LD1407220793 Belgrade TANJUG in English 1935 GMT 14 Jul 93

[Text] Belgrade, July 14 (TANJUG)—Deputy Commander of the U.N. Protection Force in former Yugoslavia (UNPROFOR) Cedric Thornberry said on Wednesday [14 July] that the Croatian Government's decision to reopen the Maslenica bridge and Zemunik airport near Zadar might considerably aggravate the situation in U.N. protected areas (UNPAs).

The Maslenica channel and Zemunik airport were captured by Croatian troops earlier this year in an offensive on the Republic of Serb Krajina (RSK).

The RSK was proclaimed in 1991 in the predominantly Serb-populated territories in the former Yugoslav republic of Croatia, in response to Croatia's violent secession from Yugoslavia. In spring 1992, the RSK was placed under U.N. protection. On January 22 this year, Croatia attacked the RSK and has since defied orders from the U.N. Security Council to withdraw to behind the U.N.-brokered truce line.

The reopening of the Maslenica bridge should be the subject of an agreement between Croatia and the RSK, Thornberry told a press conference in Belgrade.

Otherwise, the alternative is to use force, he said, and added that both sides were preparing for an escalation of the conflict.

The position of the U.N. troops in UNPAs has been significantly aggravated with Croatia's January advance, and a new war in Krajina would put UNPROFOR's mission to a great risk, warned Thornberry.

He said that technically, the Croatian government had no right to go on with constructing the bridge but that he could understand the impatience caused by "the lack of results in negotiations with the Krajina authorities."

Croatian President Franjo Tudjman has invited the entire diplomatic corps from Zagreb to attend the inauguration of the Maslenica bridge on July 18.

The bridge is of a great importance for Croatia, said Thornberry, and added that the break of the only link between Croatia's southeast and southwest had considerably heightened the economic and social problems in the republic.

Commenting on the situation in Bosnia-Herzegovina, Thornberry said that the main problem encountered by the United Nations in this former Yugoslav republic—where an ethnic and civil war between local Serbs, Moslems and Croats has been raging for sixteen months—was that all three warring sides were trying to block humanitarian deliveries to the enemy side.

The U.N. High Commissioner for Refugees supplies humanitarian aid for 2.3 million people in Bosnia-Herzegovina, said Thornberry. A total of 1,200 tons of food a day is needed to meet the minimum requirements of the Bosnian people, but only half of the planned quantities will be delivered this month.

Work on Bridge Proceeds

LD1307145393 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 13 Jul 93

[Text] The workers of Brodotrogir and Brodosplit managed almost to complete the work on preparing the pontoon for the future road section of the Maslenica pontoon bridge in only one week. As planned, tugboats belonging to Brodospas will set off toward the Novska Straits on Thursday towing barges which will provide a bridge across the straits. According to Brodospas manager Vitko Batinica, the assembling and anchorage of the 279-meter pontoon bridge, which will consist of five barges, will be completed as scheduled on 18 July.

Negative Population Growth Reported

93BA1203A Zagreb VJESNIK in Serbo-Croatian 26 Jun 93 p 4

[Unattributed HINA report: "Demographic Picture of Croatia and 'Wartime Phenomenon': Negative Growth for First Time"]

[Text] *Experts warn that the population cannot increase without comprehensive family welfare services.*

For the first time in its demographic history, Croatia has recorded a negative natural growth in population. In 1991, the last year for which complete figures are available, there were 51,829 live births and 54,832 deaths.

The decline in natural growth started back in 1955, but it was not until 1991 that its curve dropped below zero by 0.6 per thousand. Comparing it to 1990, academician Alica Wertheimer-Baletic estimates that the negative rate is relatively greater, warning that this involves a "wartime phenomenon."

"Under unchanged peacetime social conditions, in my opinion, the natural growth would not have fallen to zero for another five or six years," she says. An annual decline of 0.3 per thousand could be expected, but in this case it was three times greater.

Besides the war, there is also the lower birth rate. There were 3,580 fewer newborns in 1991 than in 1990. But that was not the only thing that lowered the growth of

Croats. In 1991 alone, the death rate grew by 0.4 per thousand, and this increase was influenced by the large number of citizens who perished in the war.

According to official data from the State Institution for Statistics of the Republic of Croatia, 3,246 people died in the first year of the war in Croatia. The troubles that continued into 1992 and 1993 make the figures even more dramatic: As of 5 June of this year, according to the Department of Information and Research of the Ministry of Health, 6,592 people in Croatia had been killed. But those listed as missing, of which there are more than 13,000 according to Croatian Red Cross figures, surely include others who are dead, which will additionally worsen the demographic picture in Croatia.

Viewed in general terms, the basic sequence of causes of death has not changed, says the head of the Health Statistics Service of the Institute for Health Protection of the Republic of Croatia, Dr. Marina Kuzman. According to 1991 data, most people in Croatia died of cardiovascular disease (26,431, or 55.3 percent), while 10,513 died of cancer, with deaths from accidents and poisoning in third place—7,325—while a little less than half that number died from wounds suffered in the war.

In his book, Demographic Changes in Croatia, Dr. Jakov Gelo says that during World War II around 435,000 citizens in Croatia could have died an unnatural death, two times more than by natural death. He contends that as a result of this, nearly 113,000 fewer children were born in Croatia between 1955 and 1965.

Dr. Muradif Kulenovic, a professor at the School of Medicine in Zagreb, points to figures on the number of casualties in the homeland war. "The public is right to be alarmed. This is a completely unnatural act. These criminals are killing not only our soldiers, but also the nonmilitary population that is not involved in the war, destroying everything that is human," Dr. Kulenovic emphasizes.

Dr. Kuzman points out the statistical danger of the wartime casualties: Among those who have been killed, 91 percent are men, "more than half" of them at the most productive age (21 to 35). Half of the women are older than 50, especially in the 61 to 75 range.

Nearly one-third of the casualties died of head injuries; 18 percent died of injuries in undetermined locations, with the same number dying of open abdominal wounds and injuries to the lungs and heart. Wounds to the torso accounted for 15 percent, injuries to the front abdominal wall 3.7 percent, and 3 percent died of back injuries.

The largest number of people died from bombs or other explosive projectiles (43.8 percent), while one-third died of bullet wounds. In four-fifths of the cases, death was instantaneous, while more than half of the death certificates list several diagnoses of injuries as the cause of death, which indicates the manifold nature of the wounds suffered, Dr. Marina Kuzman explains.

Despite the significantly greater losses in the two world wars, Croatia is registering negative natural growth today for the first time. Loosely interpreting the words of the professor of demography at the Department of Economics in Zagreb, Dr. Alica Wertheimer-Baletic, Croatia has an "inadequate basis" for a renewed baby boom, which is quite important in the demographic sense. In some opstinas, the negative natural growth is pronounced—in Gospic, for example, it is minus nine per thousand.

Once we have learned of all the war casualties, especially those who have died in the currently occupied parts of Croatia, the demographic data will be even less favorable.

It can be expected that the birth rate will rise after the war, but in order to get rid of the negative sign in front of natural growth, it must first catch up with the level of mortality in Croatia. "The female population is not regenerating; each woman is not bearing one girl," according to only one of Prof. Dr. Wertheimer-Baletic's arguments.

The loss of children born during World War II is also impoverishing the last decades of the century through its secondary wave of effects.

There is no demographic policy in our country in the modern sense, academician Wertheimer-Baletic contends. Experts warn that the population cannot increase without serious and comprehensive welfare services for the entire family.

Kucan Warns of Spreading of Balkan Conflict

AU1507120893 Vienna DER STANDARD in German 15 Jul 93 p 3

[Interview with Slovene President Milan Kucan by Samo Kobenter in Ljubljana; date not given: "Spheres of Interest Like Before 1914"]

[Text] [Kobenter] Bosnia's military forces are apparently exhausted and President Alija Izetbegovic's political options are slim. What advice would you give him if advice were still of use?

[Kucan] After all the mistakes that have been made, all advice is risky. First of all, efforts should be made to end the war quickly, then a federation should be established on the territory of Bosnia-Herzegovina in which all three ethnic groups are represented. The United Nations would have to assume the guarantee for this structure. Zagreb and Belgrade should be forced to give up their partition plans. Yet this would only be an interim solution. After a few quiet years, a referendum would have to be held in which the Bosnian citizens decide on the form of the state without any external influence.

[Kobenter] What possibilities of exerting pressure do you see?

[Kucan] Croatia is a member of the United Nations, for example. Thus, it can be expelled if it violates human-rights statutes that have been adopted by all UN members.

[Kobenter] What about Serbia?

[Kucan] Only sanctions help here. Tough diplomatic sanctions have not been implemented to this day. The international communications system is still fully intact in Belgrade. It will be of eminent importance in the future how Serbia is assessed: As the winner of a war of aggression or as the aggressor that must pay for its atrocities. It must be made clear that the war in Bosnia is not a civil war but a genocide under the cloak of ethnic cleansing, that there are murder and concentration camps, and that the one who caused that must be called to account.

[Kobenter] Is a military intervention still useful?

[Kucan] There is always time for a military intervention. The only question is whether it is suited to achieve a certain goal. Political force is required to name the aggressor and to point out his goals. These are by no means limited to Bosnia but include Kosovo, Albania, and even Bulgaria. One should not only think about how to end the Bosnian war but also about how to prevent it from spreading to the south.

In this respect, the constant talk about military interventions by the West is counterproductive because it only impedes the sanctions that have not been fully exhausted so far. In fact, the spheres of interest in the Balkans are the same today as before World War I.

[Kobenter] Then there should be enormous interest in peace in this region.

[Kucan] There is a difference between declared and hidden political interests. The view that Yugoslavia collapsed from inside is rejected by certain Western states. Natural political traditions are involved here. Otherwise the thesis that Yugoslavia's disintegration was the result of a conspiracy between Germany and the Vatican is not understandable.

[Kobenter] Maybe not every stupidity requires an answer.

[Kucan] I wish that you were right. Unfortunately, the facts are different. We are facing the following problem: If the war in Bosnia ends with Serbia's recognition as the winner, Serbia will develop as a regional major military power. This would certainly lead to more wars that would also threaten Central Europe, Slovenia, and Austria.

The issue concerning the borders in this region would be newly negotiated. Peace would suddenly be endangered in Europe, and the question would arise as to where the northern borders of this superpower should be drawn: Somewhere in Croatia or even in the Karawanken Alps? This would be a disaster. Thus, a balance of the major forces in the Balkans must be ensured. The first question is: Who will profit from Serbia's being a major power? I would say all who encouraged the current development in the conflict.

[Kobenter] That is Russia, France, and Great Britain?

[Kucan] All who have so far prevented tougher measures against Serbia.

Economics Minister on Positive, Negative Developments

93BA1173D Ljubljana DNEVNIK in Slovene 19 Jun 93 p 9

[Interview with Davorin Kracun, minister of economic relations and development, by Marjan Lacic; place and date not given: "Depression or How To Go Upward"]

[Text] The middle of 1993 undoubtedly represents one of the critical points for the further fate of the Slovene economy. Although some positive processes have begun (privatization, rehabilitation of the banks, and economic restructuring), we are still noting extremely negative economic results (the decline in production, the growth of unemployment, and a poor foreign trade balance). It is precisely for that reason that the question is being raised again of whether we have already reached the bottom of the crisis, and what else should be done to revive the economy. Is it still necessary to insist on a stabilization policy, and how long, and wouldn't it perhaps be better to start a more active policy? We spoke with Minister of Economic Relations and Development Davorin Kracun

about these dilemmas and about what should be done in order for positive processes to begin as soon as possible.

[Lacic] How would you briefly describe the activity of your (essentially new) ministry? If it is true that names are destiny, and if we can joke a little, we could say that in view of the names of your two state secretaries (Rop and Ravbar [robber]), you do not have much chance for success.

[Kracun] Well, my first name in Romanian means Christmas or Santa Claus, and the first name of the third state secretary (Valentincic) also has a more positive sound, so I can say that as far as first names are concerned, we are as coordinated as any ministry has to be that deals with economic policy. To be sure, the Ministry of Economic Relations and Development has most of the jurisdiction in the area of macroeconomic regulation and development of the economic system. This ministry's main tasks include the coordination of economic policy measures, price regulation, privatization, the regulation of foreign economic relations, and taking care of regional development. It emerged through the consolidation of several former ministries.

[Lacic] How do you view the current situation in the economy?

[Kracun] The diagnosis would be, briefly, a transformational depression. It is a system in which economic activity is declining because of systemic changes. The loss of traditional markets is further intensifying that depression. All the East European economies are in a similar situation, but we have certain advantages. We can say that among all the former communist states, Slovenia is the least affected by the transformational depression. I think that in terms of success we rank in the first category of East European states, together with the Czech Republic and Hungary.

[Lacic] We are undoubtedly still in a crisis, but the question is whether we are already at the bottom or whether we can sink even deeper.

[Kracun] To be sure, everything indicates that the biggest problems of stabilization are already behind us, which does not mean that the situation is not serious and that we will not face new problems. The decline in economic activity is slowly being halted, and inflation has been reduced to a moderate level, but I must point out a decline in moderate inflation usually does not have a stimulative effect upon economic activity; it is socially quite sensitive. With respect to macroeconomic and monetary stability, the result of the development to date is fairly favorable, but on the other hand, the main problems are on the microeconomic level, for instance the transformation of enterprises, which is still ahead of us. Privatization has not yet gotten off to a good start; it will only be when that process is finished that we will get economic entities in the true, market meaning of the word.

[Lacic] The basic characteristic of economic policy lately has been stabilization. Stabilization, however, cannot last forever, so the question is when to start encouraging economic growth.

[Kracun] The eternal dilemma, of course, is whether to use economic policy to stimulate economic growth, or first take care of stability. We think that we are now in the period when it will be necessary to shift slowly from a economic stabilization policy toward an economic growth policy. Until there are changes on the microeconomic level, of course, we cannot yet abandon the stabilization policy. Furthermore, there is also the question of acquiring suitable markets, and Slovenia's inclusion in suitable economic associations. We are about three years behind in this area, and we are now trying to make up for it. At the beginning of April, we thus signed a cooperation agreement and a financial and transportation protocol with the EC. Active negotiations on free trade zones are under way with the states of the so-called Visegrad group, the Czech Republic, Slovakia, Hungary, and Poland. Slovenia is also in the process of joining GATT, and cooperation with the EFTA [European Free Trade Association] states has already been agreed upon.

[Lacic] What will economic policy be like until the end of the year?

[Kracun] Before an active economic growth policy is possible, it will be necessary to make changes on the microeconomic level and achieve a social agreement with all the partners. Currently, it is difficult to conduct a consistent economic policy because of pressures from different groups.

[Lacic] Recently the decline in production has decreased, and exports have also decreased, but imports have increased. Will it be necessary to adopt any more stabilization measures by the end of the year?

[Kracun] Industrial production really is still declining to some extent, although the data are changing from month to month. The fact is that the decline in industrial production is no longer as intensive as it was last year. Of course, the intensive restructuring and the abandonment of unprofitable production are also affecting the decline in production. That is why we cannot expect any particular growth. The decline in exports is primarily a consequence of the loss of the Croatian market and the blockade of the so-called Federal Republic of Yugoslavia [FRY], which we were still trading with a full year ago. If we leave the former Yugoslavia out of the figures on exports, we note that they are being maintained at approximately the same level. It is also true that imports have increased this year. Last year Slovenia had a surplus in its balance of foreign trade, which was sacrificed this year for economic revival and stabilization. The higher imports actually helped in curbing inflation.

[Lacic] Some economists think that our import regime is too liberal now, but others think that it is still too

"closed." How do you view that area? The prime minister recently announced a thorough review of the tariff protection system.

[Kracun] If you ask any merchant or producer about the protection system, he will say that it is too liberal in the area that represents competition for him, and not liberal enough in his own area. Seriously, our protection system is not ideal; we inherited it from the former Yugoslavia. We will try to systematize it now, but it is a difficult technical project. Slovenia's admission to GATT and the establishment of free trade zones will also have a significant effect on this. In general, however, Slovenia is a small country, and it has little maneuvering room available in formulating a protection system. Any possible positive results from closure can be very short-term ones.

[Lacic] In connection with the protection policy, can you say anything about agriculture?

[Kracun] Agriculture is an area that receives special protection in all countries. The degree of the protection of agriculture has also started to increase here, and the right level of protection has yet to be found. The protection of agriculture also has its unpleasant side, however: the price of food. Through food prices, excessively abrupt measures to protect agriculture can have a very negative impact on overall economic trends. It is questionable to ask for higher food prices when food costs are already reaching 50 percent of all living costs. It is therefore clear that the level of food prices here cannot be the same as in neighboring countries, for instance, which is sometimes hard for some people to understand. If we want to give more to someone, we have to take it away from people through higher prices, or new tax burdens. In practice it is necessary to find the optimum solution, as I have already said.

[Lacic] When we talk about prices, the question arises of how you will continue to adjust monopolists' prices. You have already been restraining them successfully for some time now. For how much longer, and how can these prices influence inflation?

[Kracun] All these prices are mainly under the direct control of the government, which has so far been able to keep them in check. The possibilities for limiting them have mostly already been exhausted, however, and gradually (in a few years) it will be necessary to reach an appropriate economic level for these prices. In the short term—the price of electricity was recently increased, I hope for the last time this year. With respect to PTT [postal, telephone, and telegraph] services there will be certain price shifts because of changes in the rate system and the reorganization. All of these are minor price changes, however.

[Lacic] How do you view the relationship between prices and wages? The general opinion is that we have excessively high wages....

[Kracun] If anyone takes his pay and compares it to his desires, he is not satisfied. In a market economy, people do not set their wages themselves, of course, and they are determined by the market instead. Ours is set by the world market; the essential thing is what kind of prices we can achieve in exports. Export prices thus determine the level of our wages. If we compare our wages with our competition in the world market, in many cases they are higher than would be advisable for competitiveness. Last year we started with an average wage of 400 marks, and now we are at an average of 700 marks. The consequence of this is that some export transactions became less interesting and some enterprises went bankrupt. It is consequently a question of an alternative: either higher employment, or higher wages.

[Lacic] Privatization is probably the only instrument that can effectively regulate the growth of wages in the long term. What can you do in the short term?

[Kracun] Privatization actually makes it possible to introduce mechanisms for setting prices normally, since its primary task is based on protection of capital. The present situation, with social property predominant, is such that restricting the growth of wages is an integral part of economic policy. A social pact and collective agreements are also necessary.

Federal

Islamic, Nonaligned Countries Threaten More Sanctions

LD1407205493 Belgrade TANJUG in English 1804 GMT 14 Jul 93

["Pool" item]

[Text] Belgrade, July 14 (TANJUG)—A group of Islamic and nonaligned countries in the U.N. Security Council have threatened to push for more sanctions against the Federal Republic of Yugoslavia, and said that only Serbs are to blame for blocking humanitarian supplies in Bosnia-Herzegovina although Moslems and Croats hinder food and medical convoys much more often.

Unless Serbs stopped blocking humanitarian convoys for Bosnian Moslems, Venezuelan Ambassador Diego Arria [name as received] said, the nonaligned nations would in turn move to block food and medical supplies for the Yugoslav people.

Arria made the threat on Tuesday evening [13 July] after international mediator to the Bosnia-Herzegovina peace talks Thorvald Stoltenberg briefed the Security Council on the dire shortage of relief supplies in Bosnia.

Stoltenberg said in his report that all three warring sides in Bosnia hindered humanitarian convoys, that cooperation between Moslems and Croats in central Bosnia no longer existed and that this had caused a critical disturbance in humanitarian aid deliveries.

This, however, did not prevent the group of Islamic and nonaligned countries to put the blame on Serbs only and to threaten to push for a blockade of food and medical supplies to Yugoslavia which, unlike Croatia, is not involved in the Bosnian civil war.

Judith Kumin, chief of the Belgrade office of the U.N. High Commissioner for Refugees (UNHCR), recently said that all three warring sides in Bosnia showed no respect for humanitarian activities.

Kumin did not single out any side and UNHCR files show that it would be virtually impossible. From September last year to June this year, the largest number of incidents against UNHCR humanitarian convoys were reported in Sarajevo (95), followed by Mostar (33), Kiseljak (18), Zenica (16), Jablanica and Srebrenica (with 15 each).

One look at the situation on the ground shows who is actually to blame for hindering humanitarian supplies. In Sarajevo, the warring sides are Moslems and Serbs; in Mostar, Croats and Moslems; in Kiseljak, Croats and Moslems; in Zenica, Croats and Moslems; in Jablanica, Croats and Moslems; and in Srebrenica, Serbs and Moslems.

Despite this, the group of Islamic and nonaligned countries chose to ignore the facts and label Serbs as the sole culprits.

International humanitarian organizations have recently warned that humanitarian supplies to Serbia and Montenegro, which make up the Federal Republic of Yugoslavia, will be cut by 75 percent.

In view of this, the threats voiced by the group of Islamic and nonaligned countries will most probably soon become useless because aid deliveries to Yugoslavia will be reduced to a minimum anyway, either because of "donor fatigue" or the sanctions which have already decimated aid supplies to Yugoslavia.

Although humanitarian aid is exempted from the sanctions against Yugoslavia, they significantly hamper aid deliveries in practice.

Supreme Defense Council Session Reviews Policies

LD1407225793 Belgrade TANJUG Domestic Service in Serbo-Croatian 1826 GMT 14 Jul 93

[Text] Belgrade, 14 July (TANJUG)—A session of the Supreme Defense Council, chaired by Federal Republic of Yugoslavia [FRY] President Zoran Lilic, was held in Belgrade on 12 and 14 July, the military office of the FRY president said in a statement this evening.

The following took part in the session: Slobodan Milosevic, president of the Republic of Serbia; Momir Bulatovic, president of Montenegro; Dr. Radoje Kontic, federal prime minister; Pavle Bulatovic, federal defense minister; and General Zivota Panic, chief of the general staff of the Army of Yugoslavia.

The Supreme Defense Council discussed the draft law on the Army of Yugoslavia and the Law on Defense, the statement says. The council emphasized the importance of the laws for efficient functioning of the military organization and preparation of citizens and institutions for performing tasks connected with the country's defense. It concluded that the proposed solutions create legal preconditions for the transformation of the Army of Yugoslavia into an up-to-date armed force and for organized and planned participation of individuals and collectives in the defense preparations of the FRY.

The Supreme Defense Council concluded that the draft law on the Army of Yugoslavia is consistent with the Constitution regarding the depolitization and nonpartisan character of the Army of Yugoslavia. In order to have the relations within the Army of Yugoslavia based solely on the military profession rules, it is necessary for the Army of Yugoslavia to be in the hands of professionals, meaning that the management and command of the Army of Yugoslavia must remain within the army, which would as a whole be under the command of the Supreme Defense Council.

In this respect it is necessary in the wording of the law to separate the administrative-legal functions from the functions of leading and commanding the Army of Yugoslavia. This means that the the federal defense minister must be denied the powers which are as an alternative given to the chief of the general staff and that these powers must be reserved solely for the chief of the general staff.

For the same reasons, the decision from the draft law on the Yugoslav Army by which employees of the Federal Defense Ministry who are also working for the federal administration are made subordinate to Yugoslav Army members is untenable.

The Supreme Defense Council is of the opinion that, for reasons of principle, all affairs concerning military service should be entrusted to military-territorial organs instead of a civilian organ, such as the Federal Defense Ministry with its regional departments. These affairs, as is the case elsewhere in the world, must be entrusted to military organs that have no party affiliations and cannot succumb to any party influences.

The federal prime minister, in expressing his agreement with the Supreme Defense Council's suggestions, informed the council that the government will review and prepare appropriate amendments to the draft laws.

It has been reported that the Supreme Defense Council reviewed a report submitted by a state commission formed to investigate the soundness of the public accusations levelled against the Yugoslav Army's chief of staff, Colonel General Zivota Panic.

The council concluded that the state commission did not include in its report all the public accusations, but only those pertaining to the business activities of the "Kentaur" company and the oil deals. The commission concluded that:

1. There have been certain irregularities in the business cooperation between the Yugoslav Army and the "Kentaur" company, and Colonel General Zivota Panic submitted in writing specific remarks that deny evaluations included in the report, which compelled the Supreme Defense Council to order the commission to study these remarks and inform the Supreme Defense Council about its stands to this effect.

2. The accusations regarding the alleged oil deals are unfounded and false.

The Supreme Defense Council concluded that the commission is duty-bound to submit a report on the remaining items as soon as possible, because its tasks—outlined by the decision on its forming—concern all, and not only part of, the public accusations.

At its session today, the Supreme Defense Council studied the profile of the personnel holding the rank of general.

Noting that more than one-third of the generals meet conditions for the cessation of active military service, the council reached the decision to carry out a significant rejuvenation campaign among the Yugoslav Army's personnel holding this rank. Decrees on these decisions will be issued by the end of this month.

The council decided to pay appropriate tribute to the generals and admirals about to retire for their dilligent and responsible service in the Yugoslav Army, the statement released after the session of the Supreme Defense Council said.

Serbia

Vuk Draskovic Released From Hospital

LD1507121693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1044 GMT 15 Jul 93

[Excerpt] Belgrade, 15 Jul (TANJUG)—Vuk Draskovic, leader of the Serbian Renewal Movement [SPO], left the neurosurgical clinic in Belgrade today. He will continue to be treated at home.

In front of the clinic, Draskovic was greeted by SPO representatives, his wife Danica, a group of citizens, and domestic and foreign journalists. [passage omitted]